Daily Report

Latin America

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Cuba

Soviet Rejection of Radio Marti Office Noted

FL2109234390 Havana Radio Rebelde Network in Spanish 2317 GMT 21 Sep 90

[From the "Exclusivo" program]

[Text] The Press Directorate of the Soviet Foreign Ministry has said that no Radio Marti correspondent has been officially accredited to Moscow, as was recently announced in Miami by the director of the anti-Cuban radio station.

(Karil Katavkin) said that his ministry is against the establishment of a Radio Marti office in Moscow, which would be financed by the U.S. Government and directed against Cuba. The official said that the stories sent to the anti-Cuban radio station by Soviet citizen (Yuriy Mitunov) and Colombian citizen Armando Perez have nothing to do with improving Soviet-U.S. relations, as was suggested by Rolando Borrachea, director of the worm radio station.

(Mitunov) is known as a correspondent in Moscow press circles and as a Radio Libertad correspondent without official accreditation. (Mitunov) was expelled by Radio Moscow. He is also known as an active member of the Democratic Union, an anti-communist group that emerged after the start of perestroyka.

The Colombian, Armando Perez, is not known as a journalist, much less as a technical collaborator for foreign correspondents in Moscow.

Information Meeting To Discuss TV Marti Issue

FL2109235590 Havana Radio Rebelde Network in Spanish 2116 GMT 21 Sep 90

[From the "Exclusivo" program]

[Text] In its role as a nonaligned country, Zimbabwe today condemned the use of radio and television as weapons of aggression.

Victoria Chitepo, Zimbabwean minister of information, posts, and communications, made this remark using the example of the U.S. attacks against Cuba. The minister said, textually: The nonaligned nations are very sensitive to this kind of aggression because it violates international peace, rapprochement, and the cooperation that we propose.

The Zimbabwean leader made these remarks prior to her departure to our country to attend the Third Conference of Information Ministers from Nonaligned Countries. The Havana meeting will take place at a time when the Government of the United States is conducting radio-television broadcasts against Cuba.

The minister of the African country said that this matter will be discussed openly and without reservations at the Havana meeting.

New Soviet Passenger Planes Arrive in Country

PA2309011490 Havana International Service in Spanish 0000 GMT 21 Sep 90

[Text] The first of four Yak 42-D passenger planes, purchased by Cuba in the USSR, have arrived at the eastern city of Santiago de Cuba. Santiago de Cuba will be their operations base for short and medium range flights, both local and international.

The Yak 42-D will replace the IL-18 currently in use. The new planes have three jet engines and are capable of carrying 120 passengers. According to experts, they can fly for a total of 2,500 km at a maximum height of 30,000 feet.

The second fleet of these planes, which will be flown by Cubana de Aviacion, is expected to arrive in Cuba in October.

Wide Disruptions Occur in Electrical Service

FL2209011090 Havana Radio Rebelde Network in Spanish 2333 GMT 21 Sep 90

["Last minute" telephone report by (Nancy Ime) on the "Exclusivo" program—live]

[Text] We have Lidio Ramon here with us. We had planned to visit the electrical enterprise, but we were not coming to discuss this matter. We were coming to discuss something else that we will report on tomorrow or the day after.

A special situation has arisen and, as usual, we are counting on Lidio Ramon, who, as you know, is general secretary of the Electrical Union, to tell us what is happening today, what the disruptions are, and what possible solutions exist.

We now go to Lidio Ramon, who we welcome to our program.

[Ramon] Yes, Comrade (Nancy Ime) and I were coming here for another purpose, but an abnormal situation currently exists in the nation's electrical system and we wanted to take advantage of the opportunity of having an "Exclusivo" reporter here to tell the population about it.

Today, Friday afternoon, important disruptions occurred in two 220-kilovolt substations in the province of Matanzas and in the city of Santa Clara. [Havana Television Service in Spanish at 0000 GMT on 22 September carries a similar report but states that the two substations were of 220-kilowatts] The two disruptions affected the Antonio Guiteras thermoelectric plant in Matanzas, which is the largest unit in our national electrical system, and the Carlos Manuel de Cespedes plant in Cienfuegos Province.

Disruptions in electrical service will continue in different parts of the country this afternoon and over the next few hours, during the period of maximum demand, the peak electrical hours.

We can say that there are blackouts now. Over 150 megawatts of service has been suspended throughout the country. The most-affected provinces are Havana City, Matanzas, and the central areas which include Cienfuegos, Villa Clara, and Sancti Spiritus.

We want to take this opportunity to apologize to our consumers and also to state that we are working very hard to reestablish electrical service throughout the country before midnight. We thus apologize to our consumers, to the population, for the inconveniences that we know have been created. We are working diligently to try to completely restore service before midnight throughout the nation.

Fuel Saving Measures at Steelworking Plant Noted

FL2209153890 Havana Tele Rebelde Network in Spanish 1100 GMT 22 Sep 90

[Report by Maribel Acosta]

[Text] The Antillana de Acero steelworking enterprise has produced 410,000 tons of steel in a year. It produces all the country's steel billets for reinforcement rods used in construction. It has some 5,000 workers and is among the 45 top fuel consumers in the country. This is why we are here. Antillana consumes 160,000 tons of oil a year, directly and for electric power. So that you can get a better idea, this amount represents the amount of oil used by 290,000 families a year. That is, 1.5 million people. Thus, you can understand what it means to save in Antillana de Acero.

Measures in the ventilation, changes in lighting, and daily checks of fuel consumption takes place in the six Antillana de Acero shops. Important technical adjustments are made in the cooling system's pumps and equipment. Some 5,000 tons of water are circulated every hour. This involves, of course, energy consumption. Greater efficiency of the furnace's burners is sought. Measures have been taken to shift the load from peak hours in furnaces, water pumps, and a rolling mill.

[Begin unidentified speaker recording] After all these measures are implemented, we can save over 24,000 megawatt-hours of electric power and approximately some 3,000 tons of oil in a year. [end recording]

Antillana has a long working history, a large number of professionals, and its production is strategic for the country. That is, it is important for it to produce and, in addition, that it save at this time. We will keep track of its performance.

Technical Banking Agreement Signed With PRC

PA2209162290 Havana International Service in Spanish 0000 GMT 21 September 90

[Text] A technical banking agreement, related to a loan recently granted to Cuba by the PRC, was signed on 20 September in Havana by representatives from both countries.

Ling Zhi, vice-president of the Bank of China said that his country has placed preferential conditions on the loan granted to Cuba, such as very low interest rates and long-term payments.

The high-level Chinese official made these statements after signing, along with Hector Rodriguez Llompart, minister president of the National Bank of Cuba, the banking agreement and other documents that will promote relations between both financial institutions.

The vice president of the Bank of China pointed out that this financial treatment is an example of the excellent bonds of friendly cooperation between both governments.

Ling Zhi also expressed his confidence in the capability of the Cuban people to overcome the current difficulties stemming from the international political and economic situation and to advance in building socialism.

The Chinese Government, he added, wishes to cooperate with Cuba, and we, in the banking community are committed to strengthening the already very strong bilateral relations.

Seminar on Trade With Brazil Concludes

FL2209120090 Havana Tele Rebelde Network in Spanish 1100 GMT 22 Sep 90

[Text] The seminar on trade between Cuba and Brazil has ended with remarks made by Ernesto Melendez, Cuban minister for economic cooperation, and several Brazilian specialists. In their closing speeches, Brazilian economists Manuel Cardoso de Mello and Antonio de Mello Sousa noted the possibilities of Brazil's relations with Cuba.

The participants of the one-week-long meeting examined the ways to create joint enterprises, among other things. The Brazilian businessmen were surprised by the simplicity and easy terms in which Cuban laws have stipulated in the last six years the use of foreign investments.

Belizean Foreign Minister Arrives in Havana

FL2209121890 Havana Tele Rebelde Network in Spanish 1100 GMT 22 Sep 90

[Text] Belize Foreign Minister Said Musa is paying a visit to Cuba which will conclude on Monday. Upon his arrival in Havana, the Belizean foreign minister attended a welcoming dinner which celebrated the ninth anniversary of the country's independence. During his stay in Cuba, the Belizean foreign minister will exchange views on the international situation, especially in the Central American and Caribbean area, as well as the possibilities of bilateral cooperation. Mr. Musa also met with Jose Ramon Fernandez, vice president of the Council of Ministers. They discussed matters related to education and sports.

Jorge Risquet Meets With Ugandan Official

PA2209154290 Havana International Service in Spanish 0000 GMT 21 Sep 90

[Text] In Havana, Jorge Risquet Valdes, member of the Politburo of the Central Commitee of the Communist Party of Cuba [PCC], has welcomed Charles (Orwell), governor of Kampala, the capital city of the Republic of Uganda, who is in our country by invitation of the National Assembly of the People's Government.

The meeting was held in a warm atmosphere and various topics were discussed in relation to the fruitful and growing cooperation between the peoples and governments of Cuba and Uganda.

Risquet gave the Ugandan leader a detailed explanation of the political, economic, and social situation in Cuba, and on our people's resolve to face the economic blockade and attacks from the United States.

Ecumenical Council Meets With Party Leaders

FL2109151290 Havana Tele Rebelde Network in Spanish 1200 GMT 21 Sep 90

[Text] The will to support the revolution and contribute with personal effort to the country's socioeconomic development has been reaffirmed in Guantanamo during a meeting summoned by the Cuban Ecumenical Council attended by provincial party and People's Government leaders. The meeting was presided over by Reverend Raul Suarez, the organization's national president, and Karina Soto, alternate member of the Communist Party of Cuba [PCC] Central Committee and member of the PCC Executive Bureau in Guantanamo.

Representatives of the Episcopal, Methodist, Baptist, Church of God in Jesus Christ and other religious congregations and guests of the fraternal associations participated in the meeting. In a frank atmosphere, the speakers referred to the need to gradually eliminate the mutual lack of understanding that still exists in the relations with grass-roots religious communities. The attention to the building requests for churches, the change of attitude toward the religious people regarding their worshiping, and their presence in the tasks to perfect the socialist society, were some of the subjects discussed in the Guantanamo dialogue between PCC and government leaders with the religious representatives.

We are part of this country and everything that harms it harms us. This was said by Rev. Raul Suarez, president of the Cuban Ecumenical Council. He later asked those present: Can we forget our responsibility and duty at this time?

Speaking to the participants of the meeting, Karina Soto reiterated the willingness of the party in the province to continue encouraging unity between Christians and Marxists.

Secretary Speaks at Nuclear Energy Meeting

FL2109141590 Havana Tele Rebelde Network in Spanish 1000 GMT 21 Sep 90

[Text] The beginning of operations of the first two blocks [bloques] of the Juragua nuclear power plant in the next few years will be a milestone for Cuba's development. This was said in Vienna by Fidel Castro Diaz Balart, executive secretary of Cuba's Atomic Energy Commission. Speaking to the international nuclear energy organization's plenary meeting on behalf of our country, he listed Cuba's advances in the peaceful use of nuclear energy.

In a climate of cooperation, said Diaz Balart [as heard], Cuba works with the organization's programs and regional and cooperation agreements to promote nuclear sciences and technology in Latin America in the area of technical training.

Western Army Receives 'Ready for Defense' Banner

FL2109133890 Havana Tele Rebelde Network in Spanish 1100 GMT 21 Sep 90

[Text] Brigade General Miguel Lorentes has conveyed congratulations to Pinar del Rio from Commander in Chief Fidel Castro and Army General Raul Castro, minister of the FAR [Revolutionary Armed Forces], in a ceremony during which a banner was presented accrediting the Western Army as ready for defense, first stage. In this way, the banner began its tour through Pinar del Rio Province.

The honorable banner was already taken to Havana City and Havana Provinces. In Pinar del Rio, it will be taken to organizations, enterprises, economic facilities, military units and institutions which have been the most outstanding in preparing the territory for defense. On 29 September, the banner will be taken to the Isle of Youth at the Coloma Port. On 29 October, it will be returned to its place at the Western Army's Staff.

Castro Sends Message to Construction Workers

FL2109125690 Havana Tele Rebelde Network in Spanish 1100 GMT 21 Sep 90

[Text] A congratulatory message sent by Commander in Chief Fidel to the workers who are building the Jiguey-Romano-Cayo Cruz causeway has brought the most happy and productive day. The construction workers placed some 5,000 meters of rocks as the contingent reached its first year since it was created. Fidel's message shows that he is following closely the linear meters the contingent places every day because of the project's importance for tourism development in Camaguey's northern keys.

The outstanding construction workers can already see the Romano coast. This means that they will reach the over 900-square-kilometer beautiful key in December. The huge project is much more ambitious since the

causeway continues from there to Cayo Cruz, which is considered as one of the most beautiful spots in Cuba with 21 km of very pretty beaches.

This construction team works up to 16 hours a day. It has moved over 1 million cubic meters of stones and rocks. The experienced workers will set foot on Cayo Romano on 31 December, the latest.

Barbados

Prime Minister Departs for IMF, UN Meetings

FL2109180390 Bridgetown CANA in English 1702 GMT 21 Sep 90

[Text] Bridgetown, Barbados, Sept 21, CANA—Barbados Prime Minister Erskine Sandiford has left here for the United States to attend a series of meetings. The Barbados Government Information Service said that Sandiford will attend the annual meetings of the International Monetary Fund (IMF) and the World Bank opening in Washington on Monday.

He will travel to New York to address the World Summit for Children at the United Nations, September 29-30. More than 60 world leaders are expected to attend the summit, called on the initiative of Canada, Egypt, Mali, Mexico, Pakistan, and Sweden. It will focus on universal problems affecting children, including protection of health from readily preventable diseases, adequate nutrition, education, homelessness, and drugs.

Bermuda

Attorney General's Resignation Effective 31 Jan

FL2109223290 Bridgetown CANA in English 2155 GMT 21 Sep 90

[Text] Hamilton, Bermuda, Sept 21, CANA—Bermuda's premier, Sir John Swan, on Friday announced the resignation of Attorney General Saul Froomkin after a controversial decade as the British colony's top law officer.

"I owe tremendous gratitude to Mr. Froomkin for the excellent service he has given government over the past 10 years," Sir John told reporters. "It will be quite a loss to us all," he added.

The resignation of Froomkin takes effect from January 31, 1991.

Under Bermuda's constitution, the governor is responsible for appointing a successor to the post—which will carry a yearly salary of U.S.96,000 dollars starting next month.

Sir John praised the Canadian-born Froomkin's "no-holds-barred crackdown" over the years on drugs and white-collar crime, his successful efforts to secure the island a tax treaty with the United States, and an agreement with Britain allowing local companies to sell mutual funds in the United Kingdom.

Froomkin, 54, is attending a criminal lawyers conference in Singapore and could not be reached for comment.

Sir John said he did not know whether Froomkin, who was granted Bermudian citizenship last year, planned to go into private practice or leave the island.

"He is leaving for personal reasons and he has not spoken with me about his plans," the premier said.

A native of Manitoba, Froomkin had spent nearly 10 years working for the federal government in Canada before coming to the island as solicitor general in 1978. He was appointed attorney general three years later. Since his appointment as attorney general, Froomkin made headlines mainly because of his aggressive style as the island's chief prosecutor. In an interview last month he admitted frustration at critics whom he said failed to understand the nature of his job.

Dominica

DLP Leader Urges Discussions on OECS Union

FL2109174390 Bridgetown CANA in English 1656 GMT 21 Sep 90

[Text] Roseau, Dominica, Sept 21, CANA—The leader of the opposition Dominica Labour Party [DLP], Michael Douglas, says the government needs to hold discussions with opposition groups here before seeking to enter into a political union with members of the Organisation of Eastern Caribbean States (OECS). Douglas, in an interview with the CARIBBEAN NEWS AGENCY, said that while some leaders in the OECS were holding talks with opposition groups on the matter, there were no such discussions here.

"...You cannot seek for unity at that level in the subregion without unity at home," Douglas said.

"I think in Dominica we have not yet really begun the process of consultation."

The governments of St. Lucia, Dominica, Grenada, and St. Vincent and the Grenadines have agreed on the need for a political union among themselves as a prelude to a wider OECS single state. At their meeting in St. George's, Grenada, this week they said it was likely a referendum would be held by June. But Douglas said that the leaders were pushing ahead too fast with the issue, while most of the peoples in the islands were not fully consulted.

"We need to coordinate this thing and get it geared to the proper speed, bearing in mind what we seek to achieve," Douglas said.

Dominican Republic

Communications Station Inaugurated in Santiago

FL2109173690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 21 Sep 90

[Text] At a cost of $10 million, the most modern land station for voice transmissions by satellite was inaugurated in the Altos de Virella sector of Santiago.

The keynote speech at the ceremony was made by Ernest Berry, executive vice president of the Dominican Telephone Company, while Father Carlos Rodriguez of the Santiago Archbishopric gave the invocation.

Berry said that the expansion and modernization of the communications network makes a significant contribution to the country's development. He highlighted the role of telecommunications in the socioeconomic development of peoples.

Jamaica

Dismissed Official Samuda Sends Letter to Seaga

FL2209155890 Bridgetown CANA in English 1508 GMT 22 Sep 90

[Text] Kingston, Jamaica, Sept 22, CANA—Dismissed Jamaica Labour Party [JLP] transport spokesman Karl Samuda says JLP leader Edward Seaga had other motives for firing him on Wednesday. In a letter to Seaga, Samuda said he was convinced that the motive for Seaga's action was related to "unfounded suspicions" which he has continued to harbour about five dissident party members.

Seaga dismissed Samuda as the party's spokesman on transport and public utilities "for breaching the principle of collective responsibility", after Samuda gave a speech to the Jamaica Chamber of Commerce, in which he called for the removal of foreign exchange controls. This, Seaga said, contradicted the stated position of the Jamaica Labour Party, and was outside Samuda's portfolio responsibilities.

"I take it that having been relieved of my portfolio, I am now free to speak in Parliament on any subject," Samuda said in his letter to Seaga. Samuda insisted that he made his comments based on the policy set out in the party's 1980 manifesto, and added he knew of no other party policy on the economy which had been arrived at since that time, particularly any policy on exchange control. "I am saddened that it appears that as leader of opposition, you seem unable to tolerate any ideas for discussion, which may be a departure from, or may not be in conformity with your own ideas," Samuda said.

President of the Jamaica Chamber of Commerce, Sameer Younis has also commented on the matter, saying he is bewildered at Seaga's actions. "It is unfortunate that at a time like this when the unity of the opposition is more critical than ever, that this situation could have evolved," Younis remarked. He said the speech was made at the invitation of the Chamber of Commerce with whom Samuda worked for three years as a former minister of state in the ministry of industry and commerce. "It is therefore amazing that an address so well received by a cross-section of the business community could have resulted in the sacking of Mr. Samuda," Younis added.

"I have never subscribed to the belief that membership of any grouping, political or otherwise, required that one must forego individual freedom of speech and thought, and slavishly adhere to views which may be in need of revision in the light of changing times. This applies even more to an elected member of Parliament," Samuda told Seaga in his letter.

Trinidad and Tobago

Opposition Leaders Comment on Cabinet Reshuffle

FL2209180290 Bridgetown CANA in English 1734 GMT 22 Sep 90

[Text] Port of Spain, Trinidad, Sept 22, CANA—The two main opposition parties in Trinidad and Tobago on Saturday described Prime Minister A.N.R. Robinson's Cabinet changes as "the desperate actions of a beleaguered man" and the settling of a political score.

Robinson on Friday night announced he had re-assigned the health, education and social development ministers, added two junior ministers to the Security Ministry and rejected the resignation of Security Minister Selwyn Richardson.

Acting opposition leader, Kelvin Ramnath of the United National Congress, said the changes were made "just to settle a political score with a warring group within Robinson's party." "The reshuffle has not come as any surprise. Robinson's record will show that in the past, he would reshuffle or make changes in Cabinet, just to settle a political score," Ramnath remarked. "The current change is one to deal with a warring clique within the party which was calling for Richardson's resignation."

Richardson had tendered his letter of resignation Tuesday. He had been criticised by the press and opposition politicians for being caught unaware by a July 27 coup attempt. To accept the resignation "would be buckling under pressure from the clique, so instead, he has put two junior ministers to oversee the activities of Richardson," said Ramnath.

Former opposition leader, Patrick Manning of the People's National Movement, said it was "ridiculous" how the prime minister would respond to the population's lack of confidence in the minister of national security. "The country experiences a national security problem and the prime minister's response to this is to give the country a new health minister," he complained. "It is

clear to me that some of these changes reflect the desperate actions of a beleagured man."

John Humphrey, a UNC parliamentarian, said he does not see improvements in the Cabinet as a result of the changes. "I suspected that Robinson was not going to accept Richardson's resignation, but I hoped to hear him say that more money was going to be allocated to the National Security Ministry to become effective," he commented. "I knew Robinson wasn't going to accept Richardson's resignations since the two of them are in the same boat as far as confidence in them are concerned," he added.

Keith Rowley, deputy political leader of the PNM, said, "If you reshuffle a pack of jokers, you don't expect to end up with kings and queens. There's a serious crisis problem in the Ministry of National Security and Robinson's response to it is to demote Dr. (Emmanuel) Hosein from the Ministry of Health."

Robinson transferred Dr. Hosein from the Ministry of Health to the Ministry of Social Development and Family Life, while Clive Pantin, the minister of education, was switched to the Health Ministry.

Social development and family life minister, Gloria Henry, was re-assigned to education. Robinson also named Joseph Toney and Senator Hochoy Charles as junior ministers in the National Security Ministry and George Weekes, a former trade unionist, as minister of state in the prime minister's office.

Public relations officer of the ruling National Alliance for Reconstruction (NAR), Lennox Raphael, said the changes were necessary for the Cabinet and government as a whole to become more effective. "I believe Mr. Robinson has made the best changes, in areas which he finds may need to be strengthened," he asserted. "Whatever the prime minister does ... and as always in the interest of the country, the opposition politicians will always have something negative to say."

Reshuffled Cabinet Listed

FL2209161790 Bridgetown CANA in English 1549 GMT 22 Sep 90

[Text] Port of Spain, Trinidad, Sept 22, CANA—The following is the Trinidad and Tobago 17-member Cabinet following a re-shuffle announced Friday night:

Prime Minister and Minister of the Economy - A.N.R. Robinson.

Finance Minister - Selby Wilson.

Energy Minister - Senator Hubert Atwell.

Food Production and Marine Exploitation - Dr. Brinsley Samaroo.

Attorney General - Anthony Smart.

Justice and National Security - Selwyn Richardson.

Labour, Employment and Manpower Resources - Dr. Albert Richards.

Environment and National Service - Lincoln Myers.

Education - Gloria Henry.

Social Development and Family Services - Dr.Emmanuel Hosein.

Health - Senator Clive Pantin.

Planning and Mobilisation - Winston Dookeran.

External Affairs and International Trade - Dr. Sahadeo Basdeo

Industry, Enterprise and Tourism - Dr. Bhoe Tewarie.

Works, Infrastructure and Decentralisation - Dr. Carson Charles.

Settlements and Public Utilities - Pamela Nicholson

Sports, Culture and Youth Affairs - Jennifer Johnson

Re-assigned Ministers

(Joseph Toney and Senator Hochoy Charles have been made junior ministers in the Ministry of National Security, while veteran trade unionist George Weeks is now minister of state (social affairs) in the prime minister's office.)

El Salvador

FMLN Commander Discusses Debating Government

PA2309144090 San Salvador Radio Cadena YSU in Spanish 1730 GMT 19 Sep 90

[Text] The government's refusal to discuss the issue of the Armed Forces in the Legislative Assembly has been described as fearful by the Farabundo Marti National Liberation Front [FMLN] guerillas. The FMLN expressed regret today concerning the government's position. Commander Ana Guadaulupe Martinez, member of the rebel political-diplomatic commission, granted an exclusive interview to Radio Cadena YSU and said that the government is showing fear by not accepting the offer to discuss the issue over radio and television.

She added that the FMLN, by participating in a single public debate, which is not intended to replace the dialogue process mediated by the United Nations, is only seeking to clarify its position on the subjects being discussed at the negotiations. According to Martinez, the debate should be held at the Legislative Assembly on a date set by the government. In this way, she added, we could eliminate the manipulated news reports and the psychological war surrounding the dialogue.

Although the government has flatly rejected the guerrillas' proposal, the FMLN will continue insisting on a public debate on Salvadoran territory, Ana Guadalupe Martinez said.

[Begin Martinez recording] It is important to hold this debate. As a matter of fact, we are proposing a public debate between an FMLN commission and a group led by Mr. Cristiani to discuss the Armed Forces issue. What we really want to do is clearly establish each party's stand on the subject of the Armed Forces.

The government, the military high command, and the Nationalist Republican Alliance leaders have said repeatedly that the FMLN's position at the negotiations on the Armed Forces is harsh, inflexible, and at times, ridiculous. We believe, therefore, that we have a right to defend our stand, because we consider it just that. We want to have the opportunity to explain our position to the Salvadoran people in a public debate. We believe it would be advisable for the government to do the same.

Of course, this debate is no replacement for the negotiations. The debate would be valuable, however, because it would clarify our stand and help the people to understand what each side is proposing at the negotiations. We have no problem with expressing our ideas. I believe that the government has rejected the invitation because it is afraid that the people will learn about the FMLN's true position and about how the government has distorted our proposals.

We deeply regret, therefore, that the government is afraid to debate and that it does not want to face the people who have a right to know what is being discussed at the negotiations. We have proposed a public debate, and we feel it should be broadcast over radio and television to all the Salvadoran people. We are proposing a discussion of each side's position on the Armed Forces.

We do not think it should be a problem for the Armed Forces' high command, Colonel Ponce, to defend what he calls the legitimacy of the institution. Also, we are not afraid to present our arguments because [words indistinct] Salvadoran, in a similar process and lead to the elimination of the FMLN. This would not replace the negotiations being mediated by the United Nations. This would just be a public debate where everyone could listen to what each party has to say regarding the Armed Forces. The debate would explain each side's position.

The debate would not replace the negotiations, which we believe should continue. The rumors that we want to replace the negotiations or relegate them to a lesser position is a distortion of the proposal. The government wants to accuse us of abandoning the negotiations process. [end recording]

Commander Martinez also said that every time the results of the talks are nonproductive, the government creates tension by spreading rumors of a new FMLN military offensive, similar to the one conducted in November. She noted that because the war is still ongoing, military actions are always probable. The Armed Forces want to militarize society by intimidating the people with the prospect of a new offensive.

[Begin Martinez recording] Ponce reported publicly on the possibility of an FMLN offensive two weeks prior to the first of May to prevent demonstrations by the workers. Since then, every weekend or every time a round of negotiations ends without results, government representatives announce that an offensive is imminent. We think the intention is to make the FMLN appear uninterested in the talks and to make it seem as though we regard the dialogue as a game. This, however, is an unreasonable portrayal of the FMLN. In addition, the government's repeated reports of an FMLN offensive serve to keep the population tense and, above all, militarize the capital.

We think that the war will continue, and the government knows it, because no agreement on a cease-fire has been reached. The war will continue as long as there is no true progress in ending the conflict. Of course, the government can continue to generate fear among the population with its repeated announcements of an offensive, but this will only prevent the people from demanding greater results at the negotiations. [end recording]

The Salvadoran rebels want to discuss the Armed Forces issue with the government, the Army high command, and representatives of the Salvadoran ruling party before the next round of talks, scheduled in Mexico on 4 November, when very important economic and social topics could be discussed, Martinez said.

FMLN Proposes New Venue for Public Debate

PA2109215590 San Salvador Radio Cadena YSU in Spanish 1720 GMT 21 Sep 90

[Report by Ricardo Gomez of SALPRESS]

[Text] The Farabundo Marti National Liberation Front [FMLN] today proposed publicly debating with the Salvadoran Government topics from the dialogue process, principally the Armed Forces issue. Initially, the FMLN had called for a debate in the Legislative Assembly. This morning, however, the FMLN issued an official communique calling on the government to agree to hold discussions abroad and for those discussions to be broadcast over a radio and television network. The FMLN also specified that the discussions should be held on 30 September. We bring you this report in detail thanks to the Salvadoran news agency SALPRESS:

In view of the Salvadoran Government's recent refusal to hold a public debate on the Armed Forces issue, the FMLN General Command today offered a new proposal. The FMLN communique says, in part: Due to these difficulties, we now put forth a new proposal for a public debate. To make this debate possible, we would be willing to hold it abroad. Guarantees would be necessary to ensure that the Salvadoran radio and television networks cover the event live so that it can be seen and heard throughout the country. The FMLN is willing to assume half the cost of the satellite broadcast.

Public debates are a common practice abroad. We are sure we would have plenty of hosts to choose from for this event. Then the government and Arena [Nationalist Republican Alliance] deputies could then stop worrying about the use of the National Assembly and the FMLN's presence in San Salvador. We propose holding the debate on Sunday, 30 September, beginning at 0900. Holding the debate on a Sunday would guarantee that all the people could listen to it and see it.

This has been part of the FMLN communique that has just been received from the news services and is signed by the FMLN's General Command. The communique goes on to say that if the government and the Armed Forces are sure that they are right, then the FMLN's offer for a public debate is a great opportunity for them to prove that to El Salvador and the world. What takes place at this debate will radically change the situation and expedite peace, the just released FMLN communique states.

FMLN Communique on Proposal

PA2309003190 (Clandestine) Radio Venceremos in Spanish 0000 GMT 22 Sep 90

[Communique issued by the General Command of the Farabundo Marti National Liberation Front in El Salvador on 20 September]

[Text] 1. We call on the government, the Armed Forces, and the Arena [Nationalist Republican Alliance] to consider and adopt a deliberate and serious position regarding our proposed debate.

2. If the government and the Armed Forces are sure that they are being reasonable, the FMLN is offering them the option of a public debate as a good opportunity for them to demonstrate their reasonableness before the country and the world. Whatever happens in that debate will radically change the situation and accelerate the peace process.

3. Up until now, the government has been spreading propaganda, saying that our proposals are absurd, that we are not right, and that we have no argument. We propose getting rid of this psychological warfare that fans the war and replacing it with a serious debate that will promote peace.

4. In view of the above, we reiterate our proposal for a public debate. To make this viable, we would be willing to have this debate held abroad. We want to provide simultaneous domestic radio and television coverage of the debate. The FMLN would be willing to assume half of the costs of transmission of the debate via satellite for El Salvador. Public debates are a common practice in other countries. We are sure that more than enough countries would be willing to host this event. The government and Arena deputies would not have to worry about using the Legislative Assembly or about having the presence of FMLN members in the capital. We propose holding the debate at 0900 on Sunday, 30 September. Holding the debate on Sunday will guarantee that all the people will be able to hear it and see it.

5. We await your positive response. If you are being reasonable, you have nothing to fear but much to gain. If you again reject our proposal, however, it will be proof that you are afraid of our ideas and arguments and that you are not being reasonable. [Signed] General Command The City of El Salvador 20 September 1990

FMLN Offensive Plans Reportedly Revealed

PA2309011390 San Salvador EL DIARIO DE HOY in Spanish 20 Sep 90 pp 2, 25

[Text] Miguel Ortiz Hernandez, member of the ERP [People's Revolutionary Army] who was captured at El Paraiso Farm, Quezaltepeque Jurisdiction, told the security corps that the FMLN [Farabundo National Liberation Front] leadership issued instructions to its members to prepare for a new offensive that "although not like the November offensive, will have similar characteristics."

The prisoner also said that most of his comrades want to end the war and join the peace process, but the so-called "commanders" force them to remain with the organization by threatening to kill them and their families because they are "traitors."

Ortiz Hernandez added that he was given the alias "Oscar" in an attempt to make him remain anonymous and denounce his disappearance before the international leftist organizations.

Ortiz also said that the FMLN leaders receive dollars from abroad. He said that this money is being sent by the so-called "internationalists." He said that it is distributed among the leaders and the fighters are left without food. The fighters must steal food to survive, Ortiz added.

He said that many leaders of mass organizations do not work. They get paid in dollars, however, to organize demonstrations.

Ortiz mentioned the names of the leader of the [words indistinct] groups and he offered to show proof which, according to him, is hidden in underground warehouses north of San Salvador.

Unions Threaten Strikes in Support of Debate

PA2209190490 Mexico City NOTIMEX in Spanish 2335 GMT 19 Sep 90

[Text] San Salvador, 19 September (NOTIMEX)—The Salvadoran labor movement threatened today to begin strikes to force the Salvadoran Government to accept the rebels' proposal to publicly discuss the Armed Forces.

Marco Tulio Lima, leader of the National Union of Salvadoran Workers (UNTS), warned that the labor leaders will begin a number of activities over the next few days, including strikes and taking over public buildings.

After blaming the government delegation for the failure at the last round of discussions, Lima said that the purpose of these measures is "to pressure the government to yield to the peace demands of the population."

Mario Cabrera, also of the UNTS, which is the largest opposition labor organization, said that the government should accept the FMLN's offer to debate at the Legislative Assembly, "so that the people can learn about each party's proposal."

The Nationalist Democratic Union (UDN) said that the Salvadoran authorities should reconsider their position on the debate.

UDN leader Vinicio Penate described the government's reaction to the rebel offer as "premature," adding that "the opinion of a qualified third party becomes necessary when the peace process gets bogged down."

Penate pointed out the importance of the FMLN proposal calling for a military truce provided that a debate is held in the presence of the media and the diplomatic corps accredited in El Salvador.

Penate urged the government to let the people decide whether there should be a debate "so that they can learn the inside details of a peace process in which no agreements have been obtained."

The UDN blames the government for the poor results of the previous peace talks that have occurred under the auspices of the United Nations.

Penate said that the government's proposal "only represents cosmetic changes, whereas the 18-point rebels proposal offers specific programs of action."

The FMLN proposal focuses primarily on purging the Army, ending military impunity, and gradually reducing the Army until it is completely dismantled.

Officials Warn of Imminent Rise in Fuel Costs

PA2109181590 Panama City ACAN in Spanish 0024 GMT 21 Sep 90

[Text] Official sources today reported that the Persian Gulf crisis and the constant rebel attacks against the Salvadoran power installations will force authorities to ration energy. Jorge Montecinos, an official in the state-run energy company, warned that this institution will have to ration the distribution of energy to face the increases in the cost of petroleum by-products as a result of Iraq's invasion of Kuwait.

The Lempa River Hydroelectric Executive Committee (CEL) imports fuel to compensate for the deficit in its electric energy generating plants caused by the constant acts of sabotage staged by the Farabundo Marti National Liberation Front. Minister of Economy Arturo Zablah said today: "We are trying to stall for as long as possible on any increase in fuel prices."

According to Montecinos, the Persian Gulf crisis will result in an increase in the cost of generating electric power, an increase in the cost of living, skyrocketing inflation, a disruption in the balance of payments, and an increase in the price of the dollar. The official warned: "If we cannot afford the cost of the fuel, the CEL will have to resort to rationing electrical power." In keeping with the San Jose Agreement, signed in August 1980 in Costa Rica, the Central American and the Caribbean nations receive 130,000 barrels of petroleum a day from Mexico and Venezuela. Since 1980, CEL has repaired 5,518 power system structures and suffered from a $70.2-million loss because of rebel sabotage.

Prisoners' Relatives Report 'Illegal' Transfers

PA2409041790 San Salvador Canal Doce Television in Spanish 0300 GMT 22 Sep 90

[Text] An organization of relatives of political prisoners today accused the deputy minister of justice of lying when he said that no prisoners are being arbitrarily transferred. According to Codefam [Committee of Relatives of Political Prisoners], such transfers have been made several times, allegedly with the approval of higher authorities. Codefam official Mauricio Martinez said that the deputy minister of justice is lying and that his remarks are not true.

[Begin Martinez recording] We have asked the deputy minister whether it is legal for soldiers to use violence to transfer prisoners late at night. We also want to ask him if he has control over what the director of each prison does. [end recording]

According to Codefam, another institution has been acting in the background. This institution is the Armed Forces, which have been mistreating the political prisoners.

[Begin Martinez recording] The Armed Forces have handled the most recent transfers. The order whereby Carlos Arturo Lopez Campos was flown in a helicopter to a military garrison, questioned, and then taken to a prison was given by the Joint Staff. The order was not given by the director general of penitentiaries or the minister of justice. [end recording]

The Codefam protesters have asserted that the transfers are not protective measures; they are repressive measures that have been approved by the High Command. The protesters said that they will request to talk with the deputy minister of justice to discuss what they describe as the illegal transfer of inmates. They said that in the Assembly they will also question Oscar Santamaria, minister of justice and head of the government's delegation to the talks with the rebels, and demand that the Ministry of Justice act impartially.

Finally, the protesters have called for an investigation of actions against political prisoners and the immediate transfer of Ocampos to the Mariona penitentiary.

U.S. Embassy Guards Reportedly Detain Students

PA2109160890 Panama City ACAN in Spanish 2309 GMT 20 Sep 90

[Text] San Salvador, 20 Sep (ACAN-EFE)—The General Association of Salvadoran University Students (AGEUS) reported today that U.S. Embassy security personnel in San Salvador have detained four university students. AGEUS added that a U.S. Embassy patrol detained the students outside the grounds of the University of El Salvador and later beat them. An AGEUS member denied that the detainees belong to the urban guerrillas or that they were carrying weapons when they were detained, as was reported by the Salvadoran Armed Forces.

The Armed Forces Press Committee has reported that the Army seized one submachine gun, one pistol with a cartridge clip, and one grenade from the students, who were chased after they knocked down an energy pylon in San Salvador. U.S. Embassy security personnel turned the four students over to the police.

Honduras

Economy Minister: Fuel Price Hike 'Inevitable'

PA2309194990 San Pedro Sula TIEMPO in Spanish 21 Sep 90 p 3

[Text] Tegucigalpa—Economy Minister Ramon Medina Luna said on 20 September that an increase in fuel prices is "inevitable," even though Mexico and Venezuela have increased the loans based on the oil bills of Honduras and the other beneficiaries of the San Jose pact over the past three months.

According to the San Jose pact, Honduras and the other beneficiary countries have to pay 100 percent of their oil bill in cash, but six or seven months later, 20 percent of the bill is returned to them through the financing of projects which are developed.

From October to December, Venezuela and Mexico will loan these countries 30 percent of their oil bill.

The economy minister explained that as a result of the negotiations which were held with Mexico and Venezuela at the beginning of the week, "only 70 percent of the oil bill will be paid with foreign exchange and 30 percent will be automatically billed. Because of the slight difference between the San Jose pact and the agreement reached in the past few days, this represents only short-term savings in foreign exchange."

Medina Luna said the agreement will last three months. He added that this does not solve the problem because "it is a temporary measure and petroleum prices have reached high levels. Nevertheless, in view of the country's shortage of foreign exchange, it helps the balance of payments in the short-term."

He said that with the temporary agreement, Honduras will save approximately $6 million, based on an oil price of $31 a barrel, the latest price announced by Mexico and Venezuela.

He said that new negotiations will be held with Mexico and Venezuela in October to discuss the accumulated oil bill. Medina Luna said: "We hope to refinance all of our current oil debt plus whatever we accumulate with the forthcoming shipments."

He added that Honduras has an approximately $85 million oil debt with Mexico, but it hopes to refinance that in October.

The overall oil bill in 1989 was $124 million, based on oil ranging between $15 to $18 per barrel. The bill will be larger this year. Honduras will buy $25.6 million worth of oil under the terms of the temporary agreement.

The minister warned that despite these negotiations with the oil suppliers—which he described as positive—an increase in petroleum by-products is "inevitable."

The economy minister estimated that new fuel prices might be established in 15 days, after a thorough study is done.

Reportage on President Callejas Visit to Spain

WA2409130090

For Spanish reportage on the visit by President Rafael Callejas to Spain, including reports on his talks with Spanish officials, please see the Spain section of the 19 September West Europe DAILY REPORT and subsequent issues.

Nicaragua

Finance Minister on Government's Economic Goals

PA2309173590 Managua Domestic Service in Spanish 1608 GMT 20 Sep 90

[Speech by Finance Minister Emilio Pereira Alegria at a ceremony initiating the national dialogue at the Olof Palme Convention Center in Managua—live]

[Excerpt] [passage omitted] Nicaragua faces fundamental imbalances in the fiscal, trade, and financial sectors. These imbalances are heightened by an excessive state bureacracy and a tense political situation. The serious deterioration in the standard of living is reflected in a 1989 GNP being similar to the GNP of 1945. Nicaragua, as never before in its history, is facing an extremely grave situation. The skyrocketing inflation, diminishing economic activity, and deterioration in the standard of living cannot continue. The stability and reactivation of the economy demands the effort and cooperation of all the social sectors and groups in the nation. The task of reconstructing the socioeconomic system, so that it is reasonably free, fair, and efficient, must be given top priority over all personal interests and ideological conflicts.

To activate and sustain a positive economic growth, as well as eliminate the worst aspects of poverty, we must undertake immediate actions and initiate structural adjustments to reestablish macroeconomic stability. The key conditions for initiating this reactivation are eliminating the deficit in the short term; strict discipline by the national bank in granting credits, which includes limiting the amount of credits, and the availability of foreign resources; financial control of state companies and their investments; and improving the efficiency and competitiveness of the nation through the prompt elimination of tax, financial, legal, trade, and regulating obstacles on the production, commercial, and investment activities.

The solution to the problems listed here will not be found by working on some of the problems while others get worse. All the problems must be tackled simultaneously with a clear and open strategy. Since it is necessary to refurbish the country's infrastructure and improve the level of progress being made in reducing the fiscal deficit, and given that current public investments are insignificant, a structural reduction of the fiscal deficit can only occur through significant adjustments in the state payroll. This can be achieved by a reduction in personnel or by a reduction in real salaries or through a combination of both.

For example, if we want to significantly reduce the fiscal deficit without touching the employment figures, the average monthly salary for public sector employees would have to be reduced to approximately 40 gold cordobas. On the contrary, if we were to maintain the current average salary, there would have to be a 25-percent payroll reduction. We have to find the least harmful solution.

A third option would be to implement a smaller reduction in both salaries and personnel in the central government. This alternative would entail a personnel reduction in state enterprises, to improve their efficiency, because there is evidence of excessive personnel in both the financial system and in state enterprises.

For example, more than 10,000 people work in the banks. The average monthly payroll for these employees amounts to 2 million gold cordobas. The list of secured loans necessary to justify such a payroll would have to be at the 250-million gold cordobas level, assuming that the bank has an annual net profit of 12 percent dedicated only to cover the bank payroll. This total, 250 million gold cordobas, is more than double the total assets of the national banks.

We have to confer to equitably share the costs of structural adjustments to be made. Structural adjustment means transferring people in the unproductive public sector to the productive sector. Structural adjustments definitely imply a redistribution of the labor force. Fortunately, the private sector needs skilled workers to initiate the economic reactivation. This shortage of skilled workers in the private sector is the result of the emigration of more than 8,000 experienced workmen in the 1980's.

Nicaragua's development possibilities are dependent on exports, but the country's import, industrial, and agricultural investment needs during the recovery process have also been considered. Foreign resources are needed to implement a broad reactivation program and for maintenance. Foreign investments are also needed in the health, education, and transportation sectors. Nicaragua also needs substantial relief from the foreign debt burden, but it especially needs substantial relief from its bilateral debt so that assistance from existing and future donors can be fully dedicated to the country's economic reactivation.

Only through a national effort aimed at resolving the country's most important economic and social problems will it be possible to secure needed foreign resources. The rapid changes taking place in the world, in the Soviet Union, Germany, and East Europe, as well as the tension

in the Persian Gulf, clearly indicate that foreign aid programs for Nicaragua will be thoroughly analyzed and revised.

Now, Nicaragua has to compete with countries choosing democratic paths for international assistance and support. The rich nations will support the countries that quickly and peacefully adopt the democratic path. To accomplish the reconstruction task, Nicaragua requires assistance from friendly countries and international organizations. Foreign aid, both public and private, will depend on a solid Nicaraguan position in support of a viable national strategy, but foreign aid can never be a substitute for effort. In most cases, potential donors will make sure that resources aimed at economic reactivation and stability are used in the best possible way, with emphasis on productive activities, and that they are not used to permanently subsidize public expenditures.

In conclusion, the national dialogue represents a practical, sincere, and open government proposal to implement a national effort that should lead to improved social and economic conditions in Nicaragua. We know that initial agreements will probably not satisfy anybody because of the restrictive nature of short-term economic policies, but a national economic and social policy will stop inflation quickly, allow basic social needs to be met, and result in renewed economic growth, investments, employment, and productivity for some time to come.

It is necessary to equitably distribute the toll that the economic adjustment will have on society. It is worth recalling that so far, employed people, as well as producers of nationally consumed goods, especially the small producers, have supported the largest share of the economic and social costs of the economic measures that have been implemented since 1988.

Some of the measures to be adopted, to quickly reactivate investments and employment and alleviate the burden that the economic adjustment represents for the people, are promoting small enterprises, constructing houses, reactivating the agricultural and livestock sector, developing assembly plants, productively utilizing the Army, implementing a social emergency fund, an unemployment fund, and a social development fund, and distributing land.

An economic and social program agreed on by the Nicaraguans is not only necessary, it is also the best way to secure foreign aid from organizations and governments that have stated their will to support Nicaragua so that it has a better future. In the end, however, only we Nicaraguans are responsible for taking the road to social and economic recovery and staying on it.

Lacayo Confirms 'Painful' Measures To Be Taken

PA2309235490 Managua BARRICADA in Spanish 20 Sep 90 p 5

[Text] Presidency Minister Antonio Lacayo said on 19 September that with or without an agreement, "we cannot avoid taking the appropriate measures." He called these measures "painful."

The minister was accompanied by U.S. Ambassador Harry Shlaudeman and Agency for International Development (AID) Director Janet Ballantyne. Lacayo also confirmed that the negotiations on Nicaragua's foreign debt with the IMF will begin next week.

He thanked the U.S. Government "with all his heartfelt sincerity" for the $10 million disbursement to create a "Social Emergency Fund." The $10 million are part of the $300 million approved by the U.S.Congress in May.

U.S. Ambassador Harry Shlaudeman said: "U.S. economic aid to Nicaragua confirms our intention to promote development and economic reforms in accordance with the new government's economic program."

According to a U.S. Embassy press release, the money will be assigned to programs that will generate jobs and rehabilitate public infrastructure through the private sector.

It was reported that the Nicaraguan Institute of Development (Inifom) will be the organization responsible for programs financed with these funds. The presentation of Carlos Noguera as INIFOM director was a surprise because he is identified as the Nicaraguan Development Institute (INDE) director.

Lacayo said that the government's economic program is not based on privatization. Its objective is to stop hyperinflation and reactivate the economy, "which has been declining." He said that we most urgently needed to implement measures to reduce "the fiscal deficit."

The minister noted that disbursements for scholarships, public employee wages, and pensions are cheating the public. He also confirmed that public employees would have to be fired to be able to reduce the fiscal deficit. Additional measures that must be taken are the elimination of state monopolies over foreign trade and banks and the reduction of taxes. Lacayo mentioned the possibility that state resources will be turned over to private firms, workers' cooperatives, and foreign or domestic investors.

Regarding the FSLN's [Sandinist National Liberation Front] refusal to attend the national dialogue's inaugural ceremony, Lacayo said that former President Daniel Ortega's statements to this effect "were regrettable but understandable." The minister admitted, however, that the absence of the FNT [National Workers Front], which he said was "a very important sector of the working class," was unfortunate.

"Even if we do not reach an agreement, it is most important that the government take the measures it considers necessary to get the country to move forward," Lacayo said. He added: "We cannot avoid taking the appropriate actions. The government already has its views set about the measures needed." It has not been easy to reach this view "because the measures are

painful. If the measures were easy, we would have implemented them on the morning of 26 April," the minister said.

Lacayo denied that the event scheduled to be held today is going to be a "failure."

Economic Plan Said To Involve 'Major Surgery'

PA2209023990 Panama City ACAN in Spanish 2050 GMT 21 Sep 90

[Text] Managua, 21 Sep (ACAN-EFE)—The Nicaraguan Government today announced an economic plan involving "major surgery" that hints at the dismissal of 25,000 state workers—including 10,000 men in the military—drastic restrictions of credit, and privatization of state businesses. Economy and Development Minister Silvio de Franco, who explained the plan within the dialogue process that began yesterday, warned that "Nicaragua will move from hyperinflation to infinite inflation" should it fail to reduce its fiscal deficit and bureaucracy."

The official indicated that beginning in November, the government will ban Central Bank credits for administration and state businesses to prevent money without any backing from being issued.

The minister said that, in the future, credit will be granted only to efficient productive sectors that commit themselves to repayment.

The credit restrictions that began in July will be tightened in November, "because in Nicaragua, credit will no longer take the form of subsidies" and be as abundant as in previous months, as a result of fiscal discipline, the minister said.

Minister de Franco said that "the goal is to achieve an operational surplus by January 1991 through an inevitable reduction in the state bureaucracy, because we cannot let the country collapse just to keep additional jobs."

The minister said that state businesses will no longer be allowed to operate with a deficit. Quite to the contrary, they must commit themselves to contributing $6 million each month to the government as a temporary way to finance the fiscal deficit.

According to the plan, the current devaluation policy would end in three months, when the "old cordoba" will be completely replaced by the new "gold cordoba," the official exchange rate of which is on a par with the U.S. dollar.

The plan also contemplates changing the national financial system through the creation of a "general superintendency of banks," the operation of private financial institutions, and a stock exchange.

"There will be competition among state and private financial institutions and banks will operate as banks again and cease to be cash boxes for the distribution of subsidies," the economy and development minister added.

There are also plans to end controls on foreign trade, which is currently a "state monopoly," while maintaining state guidance, but under a system that will be much freer than the current one," the official stated.

Efforts will be made to adopt a blanket 20 percent tariff as part of a program to reduce taxes on a number of imports, to in turn reduce the price of basic products.

Minister de Franco pointed out that the government will propose amendments to the Law on Foreign Investments to simplify its administration, "while ensuring that national producers are in no way put at a disadvantage."

"We want a law to attract foreign investors, but not one that allows foreigners to have control over our economy," the official said.

He added that the plan also alludes to the privatization of a number of state businesses, "not to settle any ideological problem, but as a way to finance those that are bankrupt."

As for the foreign debt, estimated at $11 billion, the minister stated that payments are not yet being made, but revealed that creditors have warned Nicaragua that there will be no more loans or additional aid unless it starts to pay.

He noted that Nicaragua will propose to its creditors negotiating a reduction in its debt balance in they same way they successfully negotiated the debts of Venezuela and Mexico.

Incidents Reported at National Dialogue Site

PA2209033190 Managua BARRICADA in Spanish 21 Sep 90 pp 1, 5

[Text] Eighteen workers were injured and six vehicles were damaged during incidents yesterday when thousands of demonstrators tried to approach the Olof Palme Convention Center to denounce the "dialogue" between the government and its supporters.

While Cardinal Obando y Bravo inaugurated the show staged by the government at 0900, thousands of workers outside the Olof Palme center demanded jobs "because there cannot be a dialogue with hunger."

Leaders of the UNE [National Employees Union], CST [Sandinist Workers Federation], Fetsalud [Health Workers Federation], ANDEN [National Assocition of Nicaraguan Teachers], and UPN [Union of Nicaraguan Journalists] stood in front of the workers to prevent greater incidents and friction with the police.

Lucio Jimenez, national coordinator of the FNT [National Workers Front], addressed the workers to ask them "not to participate in this farce and to mobilize to reject this propaganda show."

The workers' protest, which was peaceful, was suddenly disrupted by agitators and angry individuals who, taking advantage of the situation, urged the workers to break the riot police cordon.

The police injured 18 workers when they unsuccessfully tried to stop the crowd.

As the demonstrators entered the grounds of the convention center, two U.S. Embassy vehicles quickly left the parking lot. The demonstrators punctured some tires and painted slogans on several vehicles, including three cars belonging to diplomatic personnel attending the official ceremony.

The angry workers pushed journalist Rosemery Torton, of Sistema Nacional de Television [SNTV], off the grounds as she worked with her cameramen. Despite efforts by several labor leaders, especially Alberto Mercado of the CST, to mediate on behalf of Torton, the workers also shoved the cameraman and the assistant cameraman off the grounds.

A UPN leader said his organization condemned the attack on the SNTV journalists "because they are also workers."

The demonstrators became even angrier when a bodyguard of Managua Mayor Arnoldo Aleman fired over the crowd, which was preventing the mayor from entering the building.

The bullet hit a box of soft drinks being sold by Mrs. Socorro del Carmen Chavez, who said she sells soft drinks at marches.

The bodyguard, who was not identified, withdrew from the grounds in a threatening manner, weapon in hand.

Evaluating the scope of the march, Lucio Jimenez said that it was the result of the workers' militancy, and regarding the government, he said: "When it is willing to reach an agreement with the workers, we will be there."

The demonstrators withdrew from the convention center at 1100 and marched toward the Northern Highway. When the lead marchers reached the Enabas [National Enterprise for Staple Foods], the last of the marchers were making a turn at the Gonzalez movie theater.

The demonstrators went to the Enabus [National Bus Enterprise] to express their solidarity with workers who have "seized" the installation in defense of their jobs. A group of about 20 agitators threw rocks at the demonstrators.

The workers dispersed without incident and went to their job sites.

Dreyfus Apologizes for Incidents

PA2209035090 Managua LA PRENSA in Spanish 20 Sep 90 pp 1, 8

[Text] Foreign Minister Enrique Dreyfus today apologized to the international community for the destruction of ambassadors' vehicles by Sandinist mobs in the parking lot of the Olof Palme Convention Center.

Dreyfus described as "unforgivable and inexcusable the attitude of a very small minority who damaged the vehicles owned by countries that are our friends."

He reported at the end of the inauguration of the national dialogue that the vehicles of the governments of Poland, Venezuela, Argentina, Libya, the Soviet Union, Colombia, Guatemala, Italy, and the GDR, and of Cardinal Miguel Obando y Bravo were damaged.

Eyewitnesses said approximately 200 demonstrators of the FNT [National Workers Front] (a Sandinist union responsible for past strikes) attacked diplomatic vehicles in which the ambassadors of the aforementioned countries had arrived to attend the ceremony where the government opened a forum to hear the concerns of all sectors of the country concerning the grave economic problems.

Drivers who witnessed the attack reported that the Italian ambassador's driver was beaten up and that the Polish ambassador's driver was hit with a rock in the nape of his neck, causing him to pass out.

Government Minister Carlos Hurtado, who was at the site of the incidents, said: "We cannot say who is responsible because there were too many people."

Meanwhile, Commander Rene Vivas, the chief of the police who falls under the command of Minister Hurtado, estimated that approximately 2,500 people demonstrated against the national dialogue and that "the police were able to control most of them."

He added that about 350 demonstrators entered the Olof Palme installations, but they were stopped a few meters from where President Chamorro, the Cabinet, the diplomats, Cardinal Obando, politicians, businessmen, and workers were meeting.

Concerning the opinion of most of those present who said the police acted "timidly," Vivas said in such situations the police "try to calm people down."

Diplomats and special guests asked LA PRENSA reporters whether the actions against diplomats would have been permitted by the police during the Sandinist regime.

In this case, the police did not prevent the destruction of diplomatic vehicles by the demonstrators. Commander Vivas also argued that the convention center "is made of glass." He was referring to the building's large windows. He said that if force had been used, the disorder would have been greater.

"All of this is glass," Vivas said, adding that "if we had used force, there would have been greater damage and destruction." The diplomats' cars, however, were outside the building, and the police permitted the damage.

Vivas reported that three or four policemen had received heavy blows, adding: "I imagine that they (the demonstrators) defended themselves, so several of them must also have been hit."

Witnesses at the parking lot said that the police only verbally asked the demonstrators to calm down, but did nothing to prevent the demonstrators' actions.

"We apologize on behalf of the Nicaraguan Government and people," Foreign Minister Dreyfus said, adding that the diplomats can report the damage to the Foreign Ministry.

Asked about the condition of his car and his opinion on the destruction, the German ambassador told a radio reporter: "Germany can pay."

Daniel Ortega Discusses National Dialogue

PA2409033690 Managua BARRICADA in Spanish 19 Sep 90 pp 1, 3

[Interview with Sandinist National Liberation Front leader Daniel Ortega by unidentified reporters; place and date not given]

[Text] [BARRICADA] What are the FSLN's [Sandinist National Liberation Front] reasons for not attending the inauguration of the national dialogue process called by the government?

[Ortega] We had been discussing the subject publicly and, during various meetings with government representatives, we stressed the need to create the best conditions for the process to end successfully.

Some factors have emerged over the past few months that have deepened internal conflicts and created great doubts regarding a possible agreement between the government, the producers, and the workers. This has to do, first of all, with the economic measures that the government has been unilaterally implementing since 25 April.

What does this mean? It means that the government has not acted in a democratic way. It has not consulted producers and workers regarding those measures and instead has made its own decisions and implemented measures that mainly affect workers.

Only producers who have a large capital—in other words, a minority of the businessmen in the agricultural, livestock, and industrial sectors—will benefit and be protected by the economic measures that the government has implemented.

We must add a second factor: the noncompliance with the agreements reached in the early hours of 12 July—and signed on 12 July—between the government and the FNT [National Workers Front]. Those agreements have been and continue to be violated by the government, creating great tension among workers and peasants.

The unconstitutional decrees 1-90 and 11-90 are a third factor. These threaten the revolution's basic achievements. In the middle of those measures is the government's systematic revengeful policy.

Calling a national dialogue, therefore, while creating a climate of insecurity, instability, and mistrust is akin to convoking a meeting in which no agreements will be reached and misusing the only instrument the country has to reach a basic agreement.

The FSLN'S position has been clear: It is necessary to create the conditions for the dialgoue. Those conditions are created by respecting the agreements reached with the workers, discontinuing the revengeful policy, and declaring a moratorium on the expropriations in the grass-roots sectors.

[BARRICADA] Why did the government call for a national dialogue at this moment?

[Ortega] The government should have first looked for an agreement on the date to hold this dialogue. It wants to give the impression that an agreement has been reached, or is about to be reached, so that it is able to reach an agreement with the IMF.

The government has to continue negotiating with the IMF because this institution is the basis of the government's economic plans. The government's actions have been directed at fighting inflation and stabilizing the Nicaraguan currency by hitting the popular sectors. The workers, not the rich, are being hit, of course. This is a typical neoliberal and capitalist policy. The second phase of the government's effort is to seek an understanding with the IMF. Not much national dialogue is needed here. That will be a matter of submitting to the IMF's dictates, which are the dictates of the U.S. Government.

The measures adopted by the government to fight inflation have had a contradictory effect. The Sandinists had been blamed for the inflation. The truth is that we made a big effort in 1989 and the annual inflation level that existed when we left power was 1,700 percent.

The current government's measures have not been able to reduce the hyperinflation problem. The inflation rate is already around the 3,200 percent mark. That is twice what it was when we were able to reduce it during the 1988 - 1989 period.

The current show has been put on to tell the IMF: We have already tied the workers' hands. Under that condition, the IMF may implement its economic plan, thus deepening the economic intervention that began on 25 April.

[BARRICADA] Some sectors believe that the FSLN should have attended the national dialogue's inauguration and stated its position there.

[Ortega] Going to the inauguration ceremony would have meant playing along with the government so that it could continue to impose its unpopular measures and oppress the workers even more. The government would continue to throw soldiers, officers, policemen, workers, and employees on the streets, causing more misery for the Nicaraguan family.

We cannot play along with that unpopular policy. If we went there, we would create confusion. We must not give the people false expectations.

[BARRICADA] What does the FSLN expect of the different sectors that were called to the national dialogue?

[Ortega] Everyone is free to heed the government's call or ignore it. The important thing is for the Sandinist Front to state its position clearly. That is the intention of our 18 September communique. And why that surprising reaction by the FSLN? Precisely because of the surprising government proposal trying to impose a date.

[BARRICADA] Some believe that the FSLN will separate itself from sectors of the population who want immediate agreements to solve the crisis at any cost. What do you think about that?

[Ortega] I believe that these sectors have already understood that in the country there is no blockade and no embargo. The United States has approved $300 million and there is no reason to blame Sandinism for what is happening or for what will happen in the future.

The FSLN has its proposals straight. We want an economic policy that will benefit the Nicaraguan people. This means we must seek solutions to the problems of all social groups in the country. We cannot leave any group on the wayside, and we cannot be thinking about the country's stability at the expense of a certain group.

The government's policy is to crush a certain group. Its policy is to crush the large majority of Nicaraguan workers by dismissing them from their jobs and by increasing food prices to favor a minority. This is what they call stabilization: the strengthening of economic groups at the expense of the unemployed and hungry population.

This is normal and moral for the capitalists. They are definitely doing the appropriate thing based on their principles and proposals.

As for Nicaragua, we have to look at it as an attempt to restore the economic tyranny of Somoza.

The FSLN has been willing and will continue to be willing to participate in a dialogue with the different levels of the government because we are interested in the country's stability. We are not, however, willing to play along with propagandastic actions. Then the FSLN would be legitimizing—even when questioning the government policies—all the actions adopted against the workers.

[BARRICADA] You have said that the national dialogue is the last opportunity to reach an agreement. What will happen if it fails?

[Ortega] Among the Sandinist ranks we have held open debates with workers from various sectors. We have made proposals that must be followed by the workers—starting with the rank and file—who are being affected or threatened by the government's policies.

We recently discussed these proposals in depth at the Sandinist assembly. Afterward, these proposals—especially Sandinist proposals on a concerted effort—were discussed in greater depth in various parts of the country.

We cannot rule out a dialogue with the government, but the government must accept our conditions. Other government sectors must not be ruled out. There is a National Assembly that can very well be a basic instrument to promote the concerted effort process. This concerted effort is not exclusively the responsibility of the executive branch. It should be taken up by all the country's powers, especially by the workers and producers.

[BARRICADA] What do you think the government expects to happen with its proposals?

[Ortega] I believe that the government is betting on the Sandinists being forced to back its policies so that we do not run the risk of being blamed later on for the government's failure.

Even though we are not in the government, the current propaganda of the government is aimed at blaming the FSLN for the things the people are complaining about.

All this is part of a plan. Even though there were bilateral contacts with the FSLN, the government launched a campaign, through LA PRENSA, to deal a blow against the Sandinists and try to "soften" them in the hopes that the Sandinists would attend the national dialogue.

We are faced with a plan that has a time limit. The plan is aimed at legitimizing the North American economic intervention through the IMF.

[BARRICADA] You mentioned earlier that the government believes that the FSLN can control the popular sectors.

[Ortega] The government believes that it is our duty to calm the people down. In other words, "the Sandinists are responsible" if there are strikes or protests and since the Sandinists do not want to be accused, locally or internationally, of promoting instability, "the Sandinists can be forced to say yes to all that the government wants."

The government knows that the FSLN is a force that defends the national interests. It is a force that will not allow the country to be subordinated to minority economic groups.

This is why they are trying to weaken the FSLN and its leadership. They are doing this with campaigns through the pro-government LA PRENSA newspaper.

I see no reason why this "honest" government should invite the Sandinist "thieves" to a national dialogue.

The government is taking a risk by betting on the Sandinists to put out the fires it starts.

You speak of the government as if it possesses monolithic unity. It was said in the past that there were several conflicting positions within the government. Has this view changed?

[Ortega] I think that the government is united, although the vice president holds different views. The heads of the government think clearly and their proposals and views are very consistent. It would be a mistake to think otherwise. The government leaders are sure of the need to seek the country's stability at the expense of unemployment and the people's hunger.

[BARRICADA] There is a certain degree of confusion regarding the economic negotiations you conducted in Europe in the name of the government. How do you explain your call to support the government?

[Ortega] We Sandinists cannot do the same things that the people who are now in the government used to do. Everytime they visited a European or Latin American country, they asked it not to support the Sandinist government. In other words, they refused to back the Nicaraguan people. They kept this up for a long time and became instruments against the people.

The fact that we have requested support for the government does not mean that we are playing along with it. The idea is to defend the peoples' interests so that the country's resources can be used to assist the popular sectors and strengthen social programs.

The two types of assistance the government is getting are different from one another. The U.S. aid intends to reestablish capitalism in Nicaragua. The European aid favors social programs. There is a big difference. Under the current circumstances, we have to make sure the aid from Eastern and Western Europe, as well as Cuba, is directed toward the poor because the U.S. aid is meant for the wealthy.

I talked with the German Government about assistance for the poor. A package was approved in 1982 when the FSLN ruled in Nicaragua and the Social Democratic Party, a friend of the FSLN, ruled in the FRG. Such a package includes 51.8 million marks for Nicaragua. I was plannig to travel to this country when a political crisis occurred there and the government was replaced. The new German Government froze the aid for Nicaragua, obeying the U.S. policy. My efforts were intended to unfreeze the 51.8 million mark package approved by the Social Democratic government. The new government's answer was that there were 25 million marks available and that the rest—26.8 million marks—would be disbursed contingent upon the amortization of Nicaragua's foreign debt. I asked them to find a formula so that the total amount could be disbursed. I also asked them to make sure these funds truly reached the Nicaraguan people. I did something similar in Sweden.

The main problem here has to do with proper distribution. The Sandinists' policy was to distribute the resourses fairly to help the poorest sector. This government's policy is to help the rich.

We must point out that in 1989 we implemented an economic program which only relied on $20 million in cash due to the U.S. Government campaign.

This government, on the contrary, has received aid in the amount of $300 million to implement its plan. The government has $60 million frozen in cash in the Central Bank to maintain the currency's parity while the people starve and are left jobless.

Labor Minister Invites FNT to Oct Dialogue

PA2309174790 Panama City ACAN in Spanish 0006 GMT 22 Sep 90

[Text] Managua, 21 Sep (ACAN-EFE)—The Nicaraguan Government reiterated today its invitation to the Sandinist opposition to participate in the dialogue process to overcome the country's serious crisis. Labor Minister Francisco Rosales again invited the pro-Sandinist National Workers Front (FNT), which includes more than 200,000 workers, to attend the next dialogue meeting that will be held in the first half of October. The FNT refused to participate in the first meeting convened by President Violeta Chamorro, describing the forum as a "propaganda show" aimed at "surrendering" the country to international financial organizations.

Argentina

Menem on Economic Emergency, Gets Bush Note

PY2109160090 Buenos Aires TELAM in Spanish 2043 GMT 20 Sep 90

[Excerpt] Buenos Aires, 20 Sep (TELAM)—Presidential spokesman Humberto Toledo has announced that this afternoon President Carlos Menem signed a decree extending for one year the Economic Emergency Law.

Toledo also reported that President Menem has received a note from his U.S. counterpart, George Bush, stating U.S. "satisfaction" over the Argentine decision to send a peacekeeping force to the Persian Gulf to cooperate in enforcing the UN blockade against Iraq. [passage omitted]

Menem Calls Husayn's Actions 'Completely Wrong'

PY2209215290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1830 GMT 22 Sep 90

[Excerpts] La Rioja, 22 Sep (NA)—President Carlos Menem has stated that the decision to send troops to the Persian Gulf is "absolutely unwavering." Regarding the possibility of Argentine troops being involved in combat, which he saw as "very remote," he said that he would request congressional authorization. [passage omitted]

Menem made these remarks at the local airport. He is in this city to participate in a ceremony to commemorate the first anniversary of the death of Minister Julio Corzo, who died in a plane crash near the city of Posadas.

Menem denied the possibility of sending more troops to the Middle East, adding: "Those troops that we decided to send at first will be the only ones who will participate in the operation, which will be set in motion on Tuesday." [passage omitted]

He said that if an armed conflict takes place, the government will request from Congress "the authorization to take the appropriate measures." Menem said: "We will make this decision in the remote case that our troops are forced to participate in battle. I do not believe this will occur."

Concerning the meeting held by Cesar Arias [second vice president of the Justicialist Party] with officials from the Syrian Arab Socialist Ba'th Party, Menem made it clear that "this party is completely against the attitude adopted by Saddam Husayn." He pointed out that the Syrian and Iraqi Ba'th forces are experiencing a strong confrontation.

Asked his opinion about Iraqi President Saddam Husayn, Menem said: "I do not want to judge the attitude of any foreign chief of state, but I do think that he is completely wrong and that he openly violated existing international law."

He explained that the agenda for his meeting with George Bush on 1 October in New York has not yet been outlined. He said, however, that "at a first meeting—which will be attended by the Venezuelan, Uruguayan, and Brazilian presidents—we will talk about the proposal for a free trade zone in the area extending from Alaska to Tierra del Fuego."

Menem said that "Argentina's position on the Persian Gulf conflict has been thoroughly explained." He added that Foreign Minister Domingo Cavallo will refer to this matter at the UN General Assembly.

He reaffirmed that the objective of Argentina's participation in the blockade is to allow "the country to overcome its isolation." He said that Argentina has become "a reliable country under this administration." [passage omitted]

Adviser Dismissed for Dealings With Iraq

PY2309014090 Buenos Aires TELAM in Spanish 0113 GMT 23 Sep 90

[Text] Buenos Aires, 22 Sep (TELAM)—A joint communique issued by the Interior and Foreign Ministries states that President Carlos Menem tonight ordered the "immediate dismissal" of presidential adviser Alberto Samid [words indistinct].

The chief of state made this decision after finding Samid responsible for "cooperating with the Iraqi Government, thus openly violating Decree 1560 of 13 [words indistinct].

More on Alleged Beef Shipment

PY2309034890 Buenos Aires DYN in Spanish 0140 GMT 23 Sep 90

[Text] Buenos Aires, 22 Sep (DYN)—The Interior and Foreign Ministries, following the express orders of President Carlos Menem, decided tonight to relieve provincial Deputy Alberto Samid of his duties as presidential adviser for his alleged involvement in the sale of beef to Iraq.

A joint communique issued by the two ministries also states that the corresponding investigations will be carried out to confirm whether violations against the presidential decrees ordering the economic embargo against Iraq took place.

Foreign Minister Domingo Cavallo had asserted earlier that if the presidential decree prohibiting trade with Iraq—ordered in compliance with the UN resolutions—"had been violated," then "those government officials or people found guilty will be severely punished."

Cavallo, shortly before leaving for the United States to participate in the UN General Assembly, said: "I have been in contact with authorities from the Justice Ministry and the office of the attorney general to order the corresponding investigations and legal procedures if this crime has indeed taken place."

Alberto Samid, deputy for Buenos Aires Province and leader of the Menem faction, this morning confirmed

that he himself had shipped 140 tons of beef to Iraq by air before the air blockade on that country was ordered.

He asserted: "I did it on my own because I have relatives, because I know that there are hungry children, because there are hungry older people, and because there are hungry women who have nothing to do with this problem."

Shortly afterward the Foreign Ministry and the Interior Ministry, which is headed by Julio Mera Figueroa, issued the following communique:

"Following the express orders of the president of the nation, the Interior Ministry and the Foreign Relations and Worship Ministry hereby report: Since provincial Deputy Alberto Samid has declared that he has cooperated with the Government of Iraq, openly violating decree 1560 of 13 August 1990, it is ordered that:

1. Alberto Samid be relieved of his duties as presidential adviser.

2. The corresponding investigations be started to confirm whether this decree was violated or not and the corresponding sanctions be imposed on all those responsible.

3. The Honorable Chamber of Deputies of Buenos Aires be informed about this matter so that it may adopt the measures it deems appropriate.

Moreover, speaking in an interview with Radio America after Samid's statement, Cavallo said: This would represent a violation of "(Carlos) Menem's presidential decree, which represented immediate support for the commercial embargo ordered through UN Resolution 661."

"If the decree has been violated, then the government officials and people responsible for this violation will be severely punished," said Cavallo, who admitted that he has still not confirmed whether the meat had been shipped to Iraq, as reported in Samid's statement, which Cavallo referred to as his "supposed" comments.

In an interview with the same radio station, Samid said that he had made the decision without consulting President Carlos Menem. Samid is the president's adviser and maintains an office at Government House. Samić had also repudiated Menem's decision to send troops to the Persian Gulf.

According to information reported by DYN last night, the meat was shipped by Samid to Iran in two Argentine Boeing 727's which had been hired by that country. The sources that gave the information on the shipment asserted that Persian businessmen had contacted the owners of several meat-packing plants in Argentina with the purpose of continuing shipments through Iran, thus clearly violating the economic embargo that the United States had promoted with the United Nations.

Samid asserted that "sending Argentine troops to the Persian Gulf is a foreign policy mistake, and we cannot yet really appreciate the magnitude of this decision. The coming generations will be the ones to remember and suffer in the future."

Menem Confirms Firing

PY2409014490 Buenos Aires TELAM in Spanish 1527 GMT 23 Sep 90

[Text] Buenos Aires, 23 Sep (TELAM)—President Carlos Menem confirmed that he has relieved Alberto Samid of his post as adviser for having collaborated with the Iraqi Government in sending 140,000 tons of meat to that country.

When he was asked about this topic, Menem stated: "He was my adviser, and I fired him." Menem then stated that it was a personal decision, not a government decision.

Menem made these remarks just before departing from La Rioja Airport for the federal capital, after resting for some hours in his home province.

Economy Minister Departs for United States

PY2209024290 Buenos Aires DYN in Spanish 2340 GMT 21 Sep 90

[Excerpt] Buenos Aires, 21 Sep (DYN)—Economy Minister Antonio Erman Gonzalez departed tonight for the United States, where he will participate in the annual joint World Bank-IMF meeting. He will also try to obtain a disbursement of $300 or $400 million before the end of the year. [passage omitted]

Objectives at Talks Outlined

PY2309221490 Buenos Aires BUENOS AIRES HERALD in English 22 Sep 90 p 5

[Text] (DYN)—Economy Minister Antonio Erman Gonzalez left for the United States last night to attend the annual board meeting of the International Monetary Fund (IMF), before whom he will present an account of the government's economic adjustment plan.

A personal endorsement from IMF Director-General Michel Camdessus, who termed the Menem administration's economic programme as "very courageous" has greatly strengthened Gonzalez's hand.

Economy Ministry sources disclosed Gonzalez's primary objective will be to reach agreement with the IMF for the extension of a "extended facility" credit line—with a longer repayment schedule and lower interest rates—after the IMF disburses the last installment of the current stand-by credit in January.

"We want to obtain the second installment and fundamentally, preserve the stand-by agreement with the conditions already set," Gonzalez stated.

He will also be meeting with World Bank officials to secure the disbursement before the end of the year of previously approved credits amounting to between 300

and 400 million dollars. Another objective of the talks will be to finalize negotiations for the disbursement of a billion dollar credit line, destined to aid the process of state reform.

The success of the negotiations is considered crucial to avert a reverse flow of funds as occurred in 1989. At present Argentina has a negative imbalance of some 250 million dollars with the IMF and 40 million dollars with World Bank.

In addition Gonzalez is scheduled to hold discussions with US Treasury authorities and a possible meeting with Treasury Secretary Nicholas Brady and Under Secretary David Mulford.

Other members of the Argentine delegation include Treasury Under Secretary Saul Bouer, who will leave during the middle of next week, Central Bank President Javier Gonzalez Fraga and Chief Economy Ministry Adviser Diego Estevez.

Al-Ahmar Signs Cooperation Program With Party

JN2109201390 Damascus Syrian Arab Television Network in English 1800 GMT 21 Sep 90

[Text] In Buenos Aires, the Ba'th Arab Socialist Party delegation headed by Comrade 'Abdallah al-Ahmar, assistant secretary general of the party, held talks with a delegation of the Social Equality Party in Argentina headed by Mr. Cesar Arias, deputy chief of the party.

The two delegations expressed satisfaction with the development of relations between the two parties and the two countries and appreciation of the role played by the Argentinian citizens of Arab origin in cementing the friendly relations.

At the conclusion of the talks, the two parties signed a joint program of cooperation.

Within the context of preparations for the ninth congress of Feaarab [Federation of Arab-American Institutions and Clubs] to be held in the Argentine capital tonight, Comrade al-Ahmar met with the executive committee of Feaarab in Argentina and its Chilean counterpart. The meeting discussed the conditions of Arab expatriates and means to develop their organization Feaarab.

Defense Minister on Gulf, Condor Missile

PY2209004390 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1255 GMT 21 Sep 90

[Text] Buenos Aires, 21 Sep (NA)—Defense Minister Humberto Romero has said that sending an Argentine military contingent to the Persian Gulf does not mean "hitching ourselves to the U.S. wagon." He also lashed out at the government of [former Argentine president] Raul Alfonsin for setting up the "Condor Missile" project with Iraq.

Romero said that Menem's decision is of the utmost importance because it "prompts a cultural change in Argentina in that it forces us to think in world terms, thus overcoming 40 years of seclusion."

In remarks published today in the newspaper EL CRONISTA COMERCIAL, Romero justified the shelving of the "Condor Missile" project that Argentina and Iraq were jointly developing.

The minister asked: "What would happen if Iraq threatened the entire world with a line of powerful Condor missiles that each bore the Argentine trademark?"

Romero also said: "The action by Iraq is serious for the whole world, not just because Iraq invaded another country but because it has the best military technology, especially concerning missiles."

Romero emphasized: "Argentina was cooperating with Saddam Husayn in this crucial matter until President Menem canceled the project that was initiated during the government of Alfonsin."

Romero said: "We were developing here, in our own territory, a strategic missile that involved foreign technology and was financed by a foreign country."

The minister described as a "mystery" the attitude of the government of Alfonsin and emphasized that "only now, with the conflict in the open can we realize the importance of what has happened and of the gravity of that strategic error."

Romero said that the mobilization of Armed Forces cadres to the Persian Gulf "allows them to enter the world of sophisticated military technology, operating beside the world's most advanced Armed Forces."

Romero said that, among its advantages, "morale is not unimportant, and it reminds" both military men and public opinion of "the essence of their calling, their raison d'etre as soldiers: to defend their country and, during a foreign conflict, to defend the values in which their country believes."

New Peronist Faction in Buenos Aires Province

PY2209160490 Buenos Aires CLARIN in Spanish 18 Sep 90 p 8

[Excerpts] Prominent supporters of Buenos Aires Governor Antonio Cafiero yesterday announced the creation of the Buenos Aires Peronist Front [Frente Peronista Bonaerense], Frepebo, as an internal faction that will seek to nominate its own candidates for the 1991 primaries. An alliance with the Eduardo Duhalde-led Federal League has not been ruled out. Despite intensive negotiations, it was not possible to complete the Frepebo executive board. [passage omitted]

The following mayors will serve on the Frepebo board: Manuel Quindimil of Lanus; Eduardo Caamano of Quilmes; Federico Russo of La Matanza; Gustavo Green of Merlo; Eduardo Lopez of General Sarmiento; Pascual

Rampi of Carlos Casares; Juan de Jesus of Partido de la Costa; and Juan Veramendi of Ranchos.

Serving on the Frejebo board will be government officials such as Jose Maria Diaz Bancalari, interior minister of Buenos Aires Province; Rafael Roma, the provincial social action minister; federal Deputy Eduardo Budino; and many provincial congressmen such as Osvaldo Mercuri, president of the Buenos Aires Chamber of Deputies; and Jose Maria Rocca, vice president of the Buenos Aires Senate.

It was not possible to complete the number of members of the Frepebo executive board because leaders of the Bahia Blanca electoral district have not yet reached agreement. Justifying their failure to submit a list of three representatives for Bahia Blanca on the executive board, they said: "We have not yet reached a final agreement among ourselves." [passage omitted]

Government Suffers 'Very Sharp Fall' in Revenue

PY2309211890 Buenos Aires BUENOS AIRES HERALD in English 22 Sep 90 p 5

[Text] (NA)—Public Enterprises Under Secretary Luis Prol yesterday revealed that the government has suffered "a very sharp fall" in fiscal revenue over the past few days.

If the situation persists, he warned, the financial equilibrium of the public sector would become "unsustainable."

Prol added that with the present trend of economic recession "we cannot continue hoping for a sudden upturn in tax revenue."

Public Revenue Under Secretary Raul Cuello also spoke out on the issue, saying the recent decline in revenue was due both to "notorious tax evasion," the "lowering of agricultural export duties and the complete elimination of industrial export taxes."

He disclosed that the corresponding shortfall in Treasury income had led to "great preoccupation among the economic team about the progress of the government's budgetary policy."

Among the government's measures to conquer the problem, Prol affirmed, will be to impose "a harsh policy" to ensure that state companies comply with their fiscal obligations.

Accordingly, he said, a major effort will be made to achieve a surplus in the public enterprises, which are responsible for "40 percent of the global deficit" of the state. Whatever surplus is obtained "would be used to buy hard currency reserves," Prol said.

Cuello stressed that the government urgently needs to increase the Treasury's fiscal operating surplus, so as to give the Central Bank access to sufficient funds for dollar purchases At present a lack of funds has meant that "the Central Bank cannot intervene" to reverse the depressed state of the US currency, he said.

He also showed concern over the current lack of demand for dollars among importers, which he warned could obstruct "the road to recovery."

Bolivia

Road Destruction Confirmed in Chapare Region

PY2209123490 La Paz PRESENCIA in Spanish 16 Sep 90 p 5

[Text] Members of the Chamber of Deputies Committee on Drug Trafficking visited Chimore, in Chapare district, on 14 September. They confirmed that DEA [Drug Enforcement Administration] agents and Umopar [Mobile Rural Patrol Unit] personnel had destroyed with explosives the access roads to Chapare without authorization from the Special Antinarcotics Force (FELCN) or from Social Defense Under Secretary Gonzalo Torrico.

The committee members went to Chapare at the request of local coca growers, who charged that DEA and Umopar agents "bombed access roads to Chapare and destroyed several houses."

United Left Deputy Gregorio Lanza, a member of the committee, told PRESENCIA from Santa Cruz that FELCN Commander Lucio Anez and Under Secretary Torrico had admitted that the access road to Isinuta and others in the Chapare region had been destroyed with explosives by DEA and Umopar forces stationed in Chimore, and that they assured the committee that these actions will not be repeated.

Lanza said: "The officials charged with fighting drug trafficking have assured us that such an attack against the Chapare residents will not be repeated. The FELCN commander has vowed to use other methods to prevent planes from taking off from the area and to eliminate access roads being used as clandestine landing strips for shipping drugs out of the area."

Lanza added that to block the access roads, "which are used as landing strips," it has been decided to implement a forestation program in the area, planting trees along the roads.

The committee, the FELCN commander, and the social defense under secretary have announced that the roads will be repaired and put back in service by DEA and Umopar personnel in the next few days.

Lanza said the committee could not fully accomplish its inspection mission because Umopar is largely dependent on the DEA and the Air Force commander in Cochabamba for the use of planes and helicopters.

The committee, which is chaired by Deputy Marcelo Quiroga Obregon, also inspected alternative development projects under way in the coca-producing areas of Chapare.

Commenting on this subject, Lanza said these programs are not adequately implemented and that the government's policy in this area is neither serious nor consistent.

Reduction of Coca Plantations Surpasses Target

PY2109175690 La Paz PRESENCIA in Spanish 14 Sep 90 p 7

[Text] Alternative Development Under Secretary Osvaldo Antezana has reported that coca plantations have been reduced by 6,100 hectares so far this year, surpassing the 5,000-hectare target established for 1990.

The reduction of coca plantations by 6,100 hectares was carried out in line with a 1989 agreement signed by the Governments of Bolivia and the United States. The U.S. Government promised to pay compensation that would be used to straighten the balance of payments if Bolivia managed to reduce coca plantations by 5,000 hectares.

Antezana stated that coca plantations were reduced at the rate of 670 hectares per month for which the National Treasury has been paying $2,000 (in bolivianos) per hectare. This year the Bolivian Government intends to compensate for the shortfall in last year's reduction since only 2,250 hectares were eradicated in 1989.

Antezana explained that coca plantation will be reduced by 11,000 hectares by the end of the 1989-90 period. The government believes that coca plantations will be reduced 11,000 hectares by the end of this year.

Alleged Traffickers Shoot at Umopar Plane 15 Sep

PY2109032290 La Paz Television Boliviana Network in Spanish 0030 GMT 21 Sep 90

[Text] Cochabamba—A Cessna plane carrying DEA [Drug Enforcement Administration] advisers and Umopar [Mobil Units for Rural Areas] officers flying over the region of Eterasama in Chapare was shot at with machine guns by alleged drug traffickers operating in that area.

According to the official report released by the departmental commander of the Special Antinarcotics Force, the Air Force airplane assigned to the Umopar headquarters in Chimore took off on 15 September to carry out a routine patrol flight in the Eterasama and Isinuta regions.

Brazil

President Collor Leaves for New York, Prague

PY2209175490 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 22 Sep 90

[Text] Early this morning President Fernando Collor left for the United States to participate in the opening of the 45th UN General Assembly. At Brasilia Air Base, President Collor transferred presidential power to Vice President Itamar Franco.

On Monday Collor will make the opening speech at the UN General Assembly, and he will then participate in the world conference on children. On 1 October the president will leave for Czechoslovakia at the invitation of President Vaclav Havel.

The presidential plane took Collor to Rio de Janeiro, where he boarded a regular commercial flight bound for the United States. President Collor will be abroad for 10 days. He is expected to return to Brazil on 3 October, just in time for the elections.

250 Citizens in Iraq 'May Be Released'

PY2109005090 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 20 Sep 90

[Text] The more than 250 Brazilians held in Iraq may be released on 22 September. We have a telephone relay on the latest news from our special correspondent Silio Boccanera in Baghdad.

[Boccanera] It is early morning in Baghdad. Brazilian diplomats only recently concluded their latest meeting with Iraqi officials. The Iraqi bureaucracy's ability to create problems at the last minute cannot be discounted.

Iraqi officials have apparently accepted that all the Brazilians will leave, and there are more than 250 of them. Brazilian Embassy officials and six administrative employees for the Mendes Junior company, who will watch over their company's commitments in Iraq, will stay. Even the Brazilians who were working on a secret missile construction project will be able to leave. The Iraqi Airways plane that will transport the Brazilians has already been paid for. Mendes Junior paid $320,000 for the air fare. If no last-minute problems emerge, all the Brazilians will leave Iraq together the day after tomorrow.

Departure of Citizens Delayed Again

PY2209223590 Rio de Janeiro O GLOBO in Portuguese 22 Sep 90 p 1

[Excerpt] The return of 258 Brazilian citizens from Iraq, already authorized by the Baghdad government, is now facing bureaucratic obstacles that worsened yesterday because Friday is a day of rest in the Arab world. If all their passports are stamped today, the Brazilians might even leave tonight, but all signals indicate that they will not leave until tomorrow or even Monday. Iraqi Airways has already received the $320,000 it is charging to charter one of its Boeing 747's; this flight will make a stopover in Casablanca on its way to Brazil. [passage omitted]

Exit Visas Granted for 21 Engineers

PY2309222890 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Sep 90 p 22

[Excerpts] Baghdad—The 21 Brazilian engineers who are developing an air-to-air missile for the Iraqi Government received their exit visas on 22 September and can now leave the country. The other 237 Brazilians in Iraq, employees of three enterprises, are still awaiting a decision that was expected on 22 September by the Brazilian diplomatic mission that is in Baghdad to negotiate their departure. [passage omitted]

An Iraqi Airways [preceding word in English] airplane is in readiness at the airport. The $320,000 to pay for the charter has already been deposited in an account in the official Iraqi bank in Amman, Jordan, and permission to overfly the countries on the plane's route has also been obtained. For this to happen it was necessary to contact Itamaraty's communications chief early in the morning because Iraq is not in a position to send telexes to all countries.

Heroin Trafficker Faces Extradition to U.S.

PY2209204090 Madrid EFE in Spanish 1710 GMT 22 Sep 90

[Text] Sao Paulo (Brazil), 22 Sep (EFE)—The Brazilian Federal Police today reported that Addallah Ali Ayouds [name as received], a 38-year-old Lebanese and naturalized Canadian citizen, has been arrested here.

The U.S. courts consider Ali Ayouds to be one of the leading heroin traffickers in the world. Police officer Roberto Precioso said that Ali Ayouds will be taken to Brasilia to face extradition proceedings before the Federal Supreme Court in connection with a U.S. Government request.

Precioso conveyed his satisfaction over the arrest of Ali Ayouds, who has been wanted by the U.S. police since January 1985. "We caught a big fish," he told the press.

Precioso said that Ali Ayouds did not resist arrest, nor did he have either drugs or weapons in the house where he has been living since 1988, for which he was paying a rent of 400,000 cruzeiros ($5,000). Precioso added: "He told us he came to Brazil to engage in philanthropic activities."

A Michigan court issued an arrest warrant against Ali Ayouds on charges of being a member of an organization that was dealing heroin in the United States from 1981 to 1983. The Brazilian Federal Supreme Court issued an arrest warrant against Ali Ayouds in October 1989 in response to the U.S. court petition.

PMDB Candidate Shot, Wounded in Parana

PY2209031090 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 21 Sep 90

[Text] In Parana, PMDB [Brazilian Democratic Movement Party] candidate (Sidney Michalizen), who is running for a seat in the Federal Chamber of Deputies, was the victim of an attack early today. The politician, who was shot three times, has been hopitalized.

(Michalizen) was driving on a highway near Londrina when his car was intercepted by a black Monza with no license plates. Two men got out of the Monza and shot at him while criticizing his electoral campaign. The politician, who advocates the death penalty, suffered two bullet wounds in his leg and one in his abdomen. Two assistants who were with him took him to a Londrina hospital, and he is now out of danger. The police do not yet have any clues as to the identities of the attackers.

Country's IMF Participation Quota Increased

PY2109200690 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Sep 90 p C-5

[Report by Wilson Silveira]

[Text] Brazil has agreed to increase its participation quota in the IMF by 50 percent and will now contribute $3 billion, according to Brazilian Ambassador to the United States Marcilio Marques Moreira. The increase was decided upon by the IMF Board of Governors; in order to become effective, it must be approved by countries representing 85 percent of the total quota.

IMF accounts are expressed in DEG (Special Drawing Rights), the value of which is based on five currencies: the U.S. dollar, the German mark, the French franc, the Japanese yen, and the British pound. Brazil's current quota totals 1.461 billion DEG, and it has been proposed that it be increased to 3.102 billion DEG.

A country's quota determines the amount of votes to which it is entitled in making decisions within the IMF. The United States, which has the largest quota, is entitled to over 19.11 percent of the votes. The executive director for Brazil, who represents eight other countries, has rights to 2.94 percent of the votes.

The IMF Board of Executive Directors is made up of seven directors appointed by the respective countries (which hold the largest quotas) and 15 other directors, elected by groups, representing the 144 remaining country members.

Letter of Intent to IMF Published

PY2009235990 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Sep 90 p 8

["Text" of letter by Economy, Finance, and Planning Minister Zelia Cardoso de Mello and Central Bank

President Ibrahim Eris to IMF Managing Director Michel Camdessus; date not given; numbers of articles as published]

[Text] Dear Mr. Camdessus: The Brazilian Government, which assumed power on 15 March 1990, inherited an economy marked by a decade of economic stagnation, little investments, and a growing macroeconomic imbalance, which led to a threatening hyperinflation.

The 1,765-percent inflation rate of 1989 stood at 84.3 percent per month when the new government took over. Although our economy experienced a 3.6-percent growth in 1989, mainly due to increased consumption growth, the real GDP growth slowed down during the year and showed a negative trend during the first quarter of 1990. The balance of payments showed an overall deficit of more than $3 billion in 1989, mainly nourished by the accumulation of foreign debts in arrears.

2. Immediately after assuming power, the government implemented a broad adjustment and structural reform plan which included short- and long-term goals. Curbing inflation and eliminating its main causes are the priority issue in the short-term. The medium- and long-term goals seek to make our economy more efficient and to reduce poverty. In this way the government seeks to create the necessary conditions to resume economic growth and to completely reinstate Brazil into the international economic arena. The freeing of foreign trade, within the context of policies designed to promote modernization, would contribute to make those sectors that produce marketable goods competitive and, in a medium-term—should the necessary conditions exist in the world market—contribute to a growth encouraged by exports.

3. The most immediate effect of the measures implemented by the plan was to drastically reduce liquidity. A new currency, the cruzeiro, replaced the new cruzado, but with rules on the conversion of new cruzados into cruzeiros. These rules, in fact, resulted in the freezing of almost two thirds of the money in circulation in the broad sense of the word (M4). Measures were taken to free part of the frozen assets during the first two months of the plan. Those assets that will remain frozen will earn six-percent interest per year in addition to the inflation rate and will be converted into cruzeiros in 12 monthly installments as of 16 September 1991. Moreover, the Central Bank's capacity to control the liquidity of the economy has been strengthened by reducing the time between the moment when legal reserves are calculated and when the corresponding funds are actually deposited. Due to the mentioned drastic liquidity reduction, compulsory savings dropped to approximately half their previous level.

4. In the fiscal area, the program provided for several tax increases and measures to broaden the tax base. The IPI [Manufactured Goods Tax] percentages were increased on luxury goods and beverages while most IPI and import tax exemptions were terminated. The time elapsing between when the businessmen calculate what they must pay in concept of taxes and when they actually make their payment to the Treasury has been shortened, so has the time elapsing from when taxable transactions take place and when the tax indexation goes into effect. A law was approved under which, as of 1991, earnings by a private individual resulting from agricultural activities will pay between 10 and 25 percent tax, enterprises will pay 25 percent, and preferential taxes for earnings resulting from the exportation of goods and services are terminated.

Fiscal privileges and subsidies, even for the most undeveloped areas, have been terminated. Net profits made on the stock exchange, commodities market, and on the futures markets will have to pay 25 percent tax. The government also implemented a temporary tax, the Financial Operations Tax (IOF), on the redemption of securities such as bills of exchange, debentures, and mortgage bonds, on sales of gold classified by law as financial assets or of gold certificates, on the transference of shares negotiated on the stock market and in the payment of their respective profits, as well as on withdrawals from saving accounts. The IOF is only charged once, on the first transaction of each specific operation, and does not affect owners of shares worth less than the equivalent of $9,700 or of saving accounts of less than $25,400.

5. Moreover, the government implemented strict measures to curb tax evasion that in 1989 reached unprecedented levels. The measures especially prohibited the use of bearer documents in economic and financial transactions and in the payment or redemption of any security to unidentified individuals. The taxpayer who redeems bearer shares and bearer or named shares in fixed return instruments will pay an income tax equivalent to 25 percent of the redeemed value, unless he can prove that the origin of the redeemed value can be traced to personal earnings for which he has already paid income tax.

6. The administrative reform and the special programs designed to reconcile the public and private assets of public enterprises included in the government plan are regarded as highly important, not only to streamline public finances but also to achieve a more effective economy. The administrative reform has reduced the number of ministries from 23 to 12; has dismantled five autonomous enterprises, eight foundations, three public enterprises, and eight mixed economy enterprises; and has launched a drastic program to reduce the number of federal public servants linked to the central administration as well as the public enterprises.

Reconciling public assets implied auctioning some 9,500 properties and selling most official vehicles. Moreover, the program focused on the privatization of enterprises and in channeling the public sectors' activities to those areas where its presence is required.

7. On the external front, free negotiation of the exchange rate in the interbank market as well as in the tourism

exchange market was approved. Within this framework, the participation of the Central Bank has been determined by the level of the foreign currency reserves, taking into account the freeing of imports and the competitiveness of exports. The exchange rate went from 42 cruzados per dollar in March to 70 cruzados per dollar in late July, thus showing a real devaluation. A broad program designed to free trade and streamline the tax policy was launched to open our economy, modernize the country from the technological point of view, and make our economy more efficient. During the first phase of this program, annual import projections were canceled, issuance of import permits became automatic, and the list of products for which import permits had been suspended was eliminated.

8. Initially, with the implementation of the government's plan and especially with the sudden liquidity reduction prompted by the freezing of financial assets in addition to the massive sale of stocks, the inflation rate dropped suddenly with a strong impact on economic activities. However, due to the fact that inflationary expectations are deeply rooted in our society, inflation was not eliminated. Consequently, the monetary policy was tightened even further. This decision, in addition to the positive results being experienced by public finances and the continued efforts to free trade and reduce indexation, restricted inflation. Domestic consumption dropped because of the tight liquidity and this prompted exports to increase in March thus resulting in an accumulated trade balance of $5.5 billion during the April-July 1990 period. The foreign debt arrears, which began to accumulate in June 1989, amounted to $8.7 billion on 30 June 1990.

9. The government believes that a substantial step forward has been taken in curbing inflation and in implementing structural reforms designed to modernize and make the Brazilian economy more efficient. However, the progress made so far is still not enough to safeguard, on a lasting bases, full achievement of these objectives. The Brazilian Government is determined to fully implement the main policies of its plan. To be able to achieve this goal, it is asking the IMF for a $1.449-billion SDR [Special Drawing Rights] standby [preceding word in English] loan until February 1992. Herewith are the highlights of the economic policy to be implemented until that date.

10. As previously mentioned, the inflation rate is showing a tendency to decrease. The government has implemented the necessary policies for prompt and substantial reductions in the inflation rate and is determined to maintain these policies until inflationary expectations are reversed and inflation has been permanently eliminated. Because inflationary expectations are deep-rooted in our society it is hard to accurately predict how long and at what rate this process will take, however, the government firmly believes that inflation will drop rapidly and, that by late 1990, price increase rates will be consistent within the target of less that 25-percent inflation in 1991.

11. One of the main characteristics of the government's plan is the emphasis it places on freeing all internal and external transactions and on eliminating administrative obstacles. A ban on price adjustments without government authorization was implemented for a short time after 15 March, but the scope of this measure was soon reduced and it was virtually eliminated in early May. A special program to reduce the government's intervention in the economy was implemented. Consequently, significant progress has already been registered in eliminating or simplifying rules and regulations that prevented competition and the free circulation of goods and production factors. As stated in Paragraph 24, the program gave great importance to the freeing of foreign trade. It is a known fact that indexation is the main obstacle in the reduction of inflation and that it prevents markets from operating freely. Therefore, the program provides for the elimination of official indexation practices, since the government has managed to replace indexation by the free use of market forces in determining the main prices within the economy.

12. The government's economic strategy places great importance on measures designed to reduce poverty and to create job opportunities. As a preliminary step, the government granted a family salary increase and a bonus for low-income workers. However, the largest contribution in this sense will stem from the elimination of inflation (which has a particularly harmful impact on the low-income sectors) and the resumption of the economic growth, and even from a greater efficiency.

13. The success of the stabilization effort lies in the adjustment of the public finances. The government is determined to make the most of the public sector's operational capability to lessen the burden on economic resources and to give the necessary support to an anti-inflationary monetary policy. The public sector's operational performance in 1990 will show a surplus of 0.5 percent of the GDP compared to the deficit of more than seven-percent of the GDP in 1989. The improvement of the public sector's operational performance is not only reflected in a real decrease of payments of internal interest but also in attaining a basic surplus of 2.4 percent of the GDP in 1990, compared to the 0.3-percent deficit in 1989. These results do not include resources obtained through the privatization program. Additional efforts will be made in 1991 to increase the basic surplus seeking to attain, at least, a balanced operational performance. The improvement of the government's fiscal position will allow a significant reduction in the public sector financial needs in 1990; to at least halve the 73 percent of the GDP registered in 1989. Thanks to the renewed fiscal effort and the drop experienced by inflation, it is estimated that the NFSP [Public Sector Financing Needs] will drop to less than five percent of the GDP in 1991. It should be pointed out that, despite the substantial adjustment, fiscal restriction will continue to limit Brazil's debt servicing ability. Sections III and IV of the Technical Memorandum of Understanding

list the quarterly estimated overall financial needs for the public sector, as well as the goals of its operational performance.

14. The measures implemented to increase tax collection have started to yield significant results. Tax revenues for the first half of 1990 have increased by 70 percent in real terms compared to the same period last year. This increase in revenue stems largely from the taxes paid by enterprises which have been prompted by the aforementioned measures. As a result of these measures, enterprises that previously did not submit their tax statements are now declaring their income and paying the corresponding taxes. Moreover, as stated in Paragraph 22, a new Financial Operations Tax [IOF] was created in June. It is estimated that federal government tax revenues, excluding interest, will increase from 12.4 percent of the GDP in 1989 to 15.2 percent of the GDP in 1990 despite the expected large drop in earned-income tax revenue. It is estimated that during 1991 federal government tax revenues (excluding interests) will amount to approximately 16 percent of the GDP due to the impact of the measures implemented during this fiscal year and to higher earned-income tax revenue as economic growth recovers.

The increased revenue from two social security contributions will be collected as of December 1990, while the tax on income resulting from agricultural activities mentioned in Paragraph 4 will go into effect in 1991. A draft bill that will be implemented in 1991 has been submitted to Congress. It seeks to establish a tax on the net personal worth of individuals who exceed the equivalent of $7 million.

15. The government is determined to significantly reduce the number of federal government servants in government, public enterprises, official banks, and autonomous enterprises. As of mid-August some 145,000 public servants have been dismissed, 43,000 have been placed on available status, and 13,000 have been encouraged to accept early retirement. All public posts are frozen and a training program has been drawn up to help reallocate public servants on available status. The government also submitted to Congress a draft bill establishing compulsory retirement after 30 years of service which seeks to gradually reduce the number of public servants and to ease the block on promotions to facilitate hiring new public servants in the future. Despite the additional expenditures involved in the payment of pensions, indemnities, and employment compensations, it is expected that these measures will result in net savings this year, and a significant impact on 1991. Moreover, two structural conditions were created to rationalize and improve the public sector salary scale. The current administrative reform will affect one fourth of the entire public sector, and the government hopes it will encourage similar measures at all government levels.

16. In addition to these administrative reforms that mainly seek to reduce current expenditures, the government also intends to strictly supervise its net credit operations to ensure that the overall costs of the treasury funds are paid by the final user of the credit. The government intends to gradually withdraw from that area and, for the time being, is only honoring previously undertaken commitments. As a consequence, it is estimated that the federal government's expenditures (excluding interests), excluding the effects of the float [preceding word in English] variation, will drop from 18.4 percent of the GDP in 1989 to 16.3 percent of the GDP in 1990. According to the Law on Budget Guidelines (LDO), which was implemented on 13 July 1990, the 1991 budget will not allow for any increase in the federal government real net debt. To achieve this objective, a LDO specifies that expenditures (excluding interests) in 1991 should be more than 10 percent lower, in real terms, than the 1990 budget figures.

It is estimated that the operational deficit of the federal public enterprises will drop from 2.5-percent of the GDP in 1989 to one-percent of the GDP in 1990, and should be completely eliminated in 1991. In order to ensure that these objectives are reached, strict financial regulations have been implemented. These regulations specify the minimum compulsory payment that should be made by these enterprises to honor their internal and external debts. Public utility rates were increased by an average of 50 percent in March, when the government program was implemented. The government will periodically adjust all public utility rates as part of its effort to maintain realistic public sector prices, among them the prices of oil by-products, and thus allow the public enterprises to maintain a solid operational liquidity. The government is also reviewing regulations concerning levels of profits, especially those enterprises that do not adequately encourage efficiency in their costs, and it is planning a broad list of goals and administrative incentives that will encourage operational efficiency. The mentioned measures will be accompanied by additional cuts in real expenditures. Investment-related expenditures, especially those scheduled for 1990, have been reduced by 15 percent in real terms compared to those for 1989.

Investment-related expenditures will be used to complete current projects and to cover the restructuring plan linked to the privatization of certain public enterprises. Expenditures related to the payment of salaries in 1991 should drop by at least 10 percent in real terms.

18. The government has launched an ambitious privatization program designed to free fiscal resources and to promote a more efficient economy. The first group of public enterprises to be privatized during the next three years includes 10 enterprises in the petrochemical, iron and steel, and fertilizer fields with a total value that is preliminarily estimated at $15 billion net. In addition to these enterprises, the government is also selling its minority shares in 16 other petrochemical enterprises. The funds obtained from privatizations will be used to clear the public debt. As of July 1990, financial enterprises will acquire privatization certificates worth some $2 billion, in 12 equal installments. These privatization certificates will be used to purchase shares in the public

enterprises that are to be privatized. These certificates will expedite the sale of the enterprises and will ensure the development of the privatization process. Financial assets that were frozen by the measures implemented in March may also be used, in amounts to be determined, at the privatization auctions. Foreign investors are also allowed to participate in the privatization program.

19. Although the government is striving to reduce expenditures at all levels, in 1990 expenditures for the health sector, for pensions for retired workers, and for other benefits granted by the social security system will increase, in real terms, through the implementation of new benefits established in the 1988 Brazilian Constitution. The benefits to be implemented in 1990, which are designed to maintain the living standards of pensioners and to improve the health of the most needy sectors of our society, include an increase in the workers' minimum pension to the equivalent of one minimum salary, better maternity leave payments over 120 days, and a reduction of the number of years required for rural workers to retire. New improvements will be implemented in 1991 to comply with the terms of the Constitution. The government wants to ensure that contributions to the social security system increase at a rate that is at least commensurate with the new benefits.

The states and the municipalities have an operational balance deficit which in 1989 amounted to 0.6 percent of the GDP and will become balanced in 1990 and 1991. This improvement will partly result from the significant increase of tax revenues following the implementation of several indirect taxes that are specified in the new Constitution. These are collected by the federal administration and are called the ICM [Merchandise Distribution Taxes]. This change has increased the percentage of tax resources that the federal government transfers to the states and municipalities by approximately 0.5 percent, amounting to approximately 200 percent in 1990, and will be increased another 0.5 percent in 1991. [sentence as published] At the same time, some programs that entail federal expenditures are being transferred to the states and municipalities, especially in the health sector. The improvement of the finances of the states and the municipalities will also permit a reduction of the proportion of their obligations regarding the servicing of the foreign debt paid by the treasury. This obligation will be reduced from 92 percent in 1989 to 53 percent in 1990, and to zero in 1991. The access of the states and municipalities to the financial aid granted by national banks will also suffer restrictions similar to those imposed on federal public enterprises. The states and municipalities will pay all interests on their debts with the treasury.

21. Following the blocking of financial assets in March, the money supply grew rapidly. Although a certain degree of remonetization is only natural after a significant drop in inflation, as happened in Brazil, the government believes that under the current circumstances it is very important to maintain a strict monetary policy and to allow the remonetization process to develop gradually. In order to reduce the inflation rate to the desired level, it is necessary to implement policies that strictly restrict credits. This implies a strict control on the growth of the money supply, regardless of the effects that such policies may have on interest rate levels. Consequently, the government has established goals for the growth of the money supply and the M1, which are based on conservative projections on the price evolution and the remonetization of the economy. A money supply growth of no more than 14 percent between June and the end of 1990 is foreseen. It is expected that the low inflation rate that will prevail during 1991 will result in an increase of the demand for nonindexed monetary assets. This additional demand will be met in such a way that the necessary level of money in circulation will be maintained. Based on these points and in keeping with the goals of the balance of payments, limits have been established under which the Central Bank's liquid internal assets will be increased as established in Section II of the annexed Technical Memorandum of Understanding. This anti-inflationary effort will be closely supervised, and the monetary policy tightened if necessary to ensure that inflation drops in the short term.

22. As already mentioned, in late May the government implemented a series of measures designed to restrict credit conditions and to make monetary instruments more efficient. First, it will eliminate the system by which government notes could be automatically repurchased on the overnight [preceding word in English] market and to establish a discount reduced by the liquidity of these papers; second, in order to reinstate a fluctuation of interest rates in the market, LFTs [Treasury Financial Bonds], which have fluctuating interest rates, were replaced by the LTNs [expansion unknown], which are sold at a discount, as the main instruments for transactions on the open market; third, a new tax based on a daily maximum ratio of 1.5 percent has been created for financial operations that last 18 days or less, to encourage the extension of the repayment periods of the public debt profile. Finally, by the end of June the required bank reserves deposited in Central Bank had increased by an average 20 percent. These changes have strengthened the Central Bank's ability to conduct the monetary policy based on quantitative goals.

23. The strict monetary policy that is required to reduce inflation could have not been implemented without the significant support of the public finances adjustment. The equilibrium of public sector finances has eliminated one of the main sources of collective monetary expansion. However, some fiscal resources may be needed to compensate, in part, for the expansionist impact of the strengthened net international reserves and, specifically, to lessen the strong pressure of the increased interest rates that could yield negative effects on the economy as a result of the strict credit policy that is being applied.

24. According to Paragraph 7, the government has already eliminated quantitative restrictions on imports and is simplifying the import license concession system.

Licenses are currently being granted almost automatically. Beside this, most of the tariffs charged on articles not produced in Brazil have been reduced to zero. In 1991 the government intends to carry out a tax reform and to reduce before 1994 the maximum import tax to 40 percent (compared to the current 105 percent), and the mean import tax [tarifa media] to 20 percent (compared to the current 35 percent). The Tax Reform Commission is studying a timetable for this reform process that will take several years; this timetable will be announced before the end of 1990. As for foreign trade financing, the government intends to create in 1991 an export/import bank with the private sector as the majority shareholder. The success of the government trade liberation policies is linked to the greater access of Brazilian products to foreign markets and with a stronger and a more predictable multilateral exchange system. The government thus intends to contribute to the satisfactory conclusion of the trade negotiations of the Uruguay round [of GATT talks].

25. Following the policy of freeing exchange restrictions, the Central Bank last August extended the deadline for the presentation of exchange certificates and the purchase of foreign currency by exporters. As a result of this government policy, the difference between the tourist and commercial bank exchange rates has been considerably reduced. The government intends to eliminate the multiple exchange practice and the remaining exchange restrictions connected with transferences of current international transactions.

26. The government intends to maintain an exchange system in keeping with a feasible stable balance of payments in the medium term while the economy undergoes a process of opening toward foreign trade. The Central Bank will intervene in this manner in the interbank exchange market to achieve its foreign reserve goals, taking into consideration the evolution of the liberation of imports and of the competitiveness of exports. Thus, the Central Bank goals regarding the net international reserve position have been specified and described in the enclosed Section I of the Technical Memorandum of Understanding.

27. It is expected that a bolstered increase of imports as a result of the trade liberation measures will be accompanied by a resumption of growth of exports, thus reducing the deterioration of the foreign current account which is estimated at a $2 billion deficit in 1990 and 1991. Meanwhile, in the face of the significant increase in direct investments and nonbank disbursements, the balance of payments will yield substantial deficits. In this way, even if the gross reserves increase less than the level of imports, a significant nonfinanced deficit will continue to exist in 1990 and 1991.

28. Acknowledging the need to make debt servicing compatible with internal financial stability and to resume sustained growth to appropriate levels, the government will try: A. To negotiate the refinancing of its overdue obligations and debts with the Paris Club, seeking to eliminate by February 1991 all its overdue debts in foreign currency except for the debts contracted with the commercial creditor banks, yet without failing to pay off further debts with the nonbanking institutions during the time this program lasts; B. To obtain additional disbursements from the World Bank, IDB [Inter-American Development Bank], and official creditors, including, if necessary, funds to support the structural reforms that are under way; and C. To reach a lasting agreement with the commercial banks, thus solving the current financing needs and the high foreign debt volume that is negatively affecting investment and economic growth.

Brazil will soon begin negotiations to restructure its debt with the creditor banks based on a menu of options including market instruments to reduce the debt service and principal, as well as other instruments for the purchase of the debt that will be used in our privatization program. The government may request that some of the purchases made within the context of the stand-by [preceding word in English] agreement be allocated to help finance the operations for reducing the debt principal owed to the banks. While the talks with the banks are being carried out, and until an agreement is reached regarding a financing plan, Brazil will not be able to fully comply with its obligations of interest payments on its public sector medium and long-term debt. Brazil intends to reach an agreement with the banks regarding the normalization of its debt servicing and negotiate a permanent agreement.

29. Given the heavy burden that the repaying of the debt represents for Brazil on a medium term, the government will also try to restrict net disbursements connected with the foreign debt and with the short-term foreign debt of the nonfinancial public sector. Therefore, three monthly deadlines have been established in Section V of the enclosed Technical Memorandum of Understanding.

30. The Brazilian Government believes that the policies explained in this letter of intent seek to fulfill the objectives of its program, but it will adopt any additional measure that may be necessary to reach its objective. During the period of negotiation the government will consult with the IMF, in keeping with that organization's policy on such consultations, on the progress attained in the implementation of the policies described in this letter.

The government economic program as explained in this letter will be especially reviewed with the IMF before 28 February 1991 in order to evaluate the progress attained in the implementation of the policies and to reach an agreement, based on the 1991 budget approved by Congress, to ensure the compliance of the objectives for 1991. The economic program will once again be reviewed with the IMF on a date determined during the first revision. The Brazilian Government is deeply concerned about the recent events that are affecting the international economic situation, especially about the oil market. If these external circumstances persist they will

have negative effects on the Brazilian economy. Cordially. Zelia Maria Cardoso de Mello, minister of economy, finance, and planning; Ibrahim Eris, president of the Central Bank of Brazil.

CNEN Told Not To Comment on Nuclear Program

PY2009163890 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Sep 90 p 16

[Text] Planalto Palace has ordered the National Commission for Nuclear Energy (CNEN) Executive Board not to make any statements on the Army nuclear program. The government made this decision on 17 September following an interview published by the Rio de Janeiro newspaper O GLOBO in which General Romero Lepesqueur, Army secretary for science and technology, confirmed the existence of a project to develop an experimental nuclear reactor at the Army Technological Center (Cetex) in Guaratiba, Rio de Janeiro State. This information had already been reported by the press in October 1989, but Planalto Palace did not approve of the general's confirmation, CNEN sources have reported.

Reserve Colonel Geraldo Cavagnari, coordinator of the Strategic Studies Group [Nucleo de Estudos Estrategicos] (NEE) of the Campinas State University (Unicamp) and an expert in military strategy, has said: "The Army should now follow the Navy's example and disclose its true plans in this field." From a military viewpoint, Cavagnari said, that research can only be justified in two ways: either the Army wants to train its cadres in the nuclear area and, subsequently, transfer the results to the civilian sector, or it wants to build an atomic bomb. Recent army history in any country in the world provides more than one example of nuclear research whose final objective was entirely military.

"The Navy has already made its plans clear," Cavagnari said. It wants to develop a nuclear reactor to power a submarine, a fact that is consistent with the history of the Armed Forces of other countries and that therefore casts doubt on the Army plans. Cavagnari prefers to believe that the Army does not want to have nuclear bombs now, but this will only become clear through unambiguous information. "It is not enough to just report that the Army is developing a reactor," he said. The Army must specify its objectives more clearly "so they do not have to leave undeclared plans up in the air."

Cavagnari's concern is also justified by the fact—recalled by one of his NEE colleagues—that the Army's disclosures are closing a sort of logical circle. In other words, it is only natural that the Aeronautics Ministry wants to develop its own high-technology missiles. And it is only natural that the Navy wants to have the latest in submarines, in this case, nuclear ones. "Only the Army's piece was missing in this puzzle," recalled Cavagnari for whom "the circle will be closed if the Army, in fact, wants nuclear weapons."

Physicist Odair Dias Goncalves, a member of the Brazilian Physics Association (SBF) nuclear affairs monitoring commission, has said: "It does not matter if the Armed Forces want to build a bomb or not, but all that research cannot be decided on without passing through Congress." In October 1989, Reserve Navy Commander Antonio Carlos Didier Barbosa Viana, chairman of the Tecmat enterprise, one of the enterprises involved in the Navy reactor project, disclosed that the Army's uranium and graphite reactor should be built by 1995. On that occasion, Viana said that in 1981 the CNEN decided that the Navy should be in charge of developing the uranium enrichment project and the Army the technology to produce pure graphite.

Further on Army Plutonium Research

PY2009174090 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Sep 90 p 16

[Text] The Brazilian Army's main revelations in its effort to demonstrate the "transparency" of its objectives in the nuclear field point to one subject: the production and use of plutonium. This radioactive element is regarded with suspicion by the international community because its use is not always safeguarded. Every time there is a suspicion that a terrorist may be preparing a homemade atomic bomb or that some Third World country is developing nuclear weapons, plutonium is always the first suspect. Contrary to the expensive metallic uranium used in bombs by developed countries, plutonium may be obtained as a by-product from reactors that are not under international safeguards.

General Romero Lepesqueur, Army secretary for science and technology, told O GLOBO that his force has a subcritical reactor that uses natural uranium for fuel, pure graphite for the control rods, and air for cooling. This prototype, which cannot unleash a self-sustained chain reaction, will serve to project an Experimental Radiation Reactor, REI, [Reator Experimental de Irradiacao] scheduled for 1994. The REI will not be under international safeguards, and it will produce nearly 400 grams of plutonium mixed with nuclear fuel per year. An atomic bomb can be made with 17 kg of plutonium.

Although all the military officers interviewed by O GLOBO have repeatedly denied any war objective, the uranium cycle has been nearly completed with the disclosure that the Institute for Nuclear and Energy Research, IPEN, in Sao Paulo is already capable of separating plutonium from the nuclear fuel spent in national reactors not subject to international safeguards.

Given the lack of plutonium to develop this process, the IPEN resorted to a trick. It worked with elements with chemical properties similar to plutonium. Thus, IPEN experts managed to develop a method to separate thorium and gadolinium, elements with a chemical reaction similar to plutonium, from fuel mixtures.

The final objective of mastering the plutonium cycle, according to Rear Admiral Othon Luiz Pinheiro da Silva, president of the Navy Coordinating Board for Special Projects, is to provide the country with an alternative energy source. According to the rear admiral's calculations, current reserves available in Brazil are enough to operate 30 large reactors for 30 or 35 years. With the addition of plutonium to the enriched uranium currently used as reactor fuel, that period could be extended 200 to 300 years.

The Army's disinterest in obtaining plutonium for military purposes was repeatedly stressed by General Nelson de Almeida Querido, director of the Institute of Special Projects. Proof of this is that the Army decided to adopt a five megawatt standard for the REI, instead of choosing double this power, which would generate a proportionally larger amount of plutonium.

Congressional Oversight Urged

PY2009190090 Rio de Janeiro O GLOBO in Portuguese 18 Sep 90 p 20

[Report by Monica Medeiros]

[Text] Brasilia—Deputy Fabio Feldmann (PSDB-SP) [Brazilian Social Democracy Party - Sao Paulo State] will ask Army Minister Carlos Tinoco to explain the nuclear research under way at the Army Technological Center (Cetex) in Guaratiba, Rio de Janeiro. Feldmann, who is trying to find an explanation to the parallel nuclear program, wants to know why the Army is being equipped with no specific objective, as stated in an interview granted to O GLOBO by General Romero Lepesqueur, Army science and technology secretary. Feldmann will ask the Army Minister to give details of the research and its cost.

Feldmann said: It is very strange for a military official to admit expenditures in research with no specific objective for the Army. If the research has no military objective, such as making an atomic bomb and if it serves only to contribute to the development of the Brazilian nuclear program, as stated by Lepesqueur, why isn't that research under the National Science and Technology Secretariat?

According to Feldmann, President Fernando Collor should adopt measures in line with his recent remarks on nuclear energy to foreign newspapers. In the beginning of September, Collor told the Canadian newspaper THE GLOBE AND MAIL that by no means will his government make anyone consider the possibility that it is manufacturing the atomic bomb. Collor told the German newspaper DIE WELT that the country is in a position to look for new and renewable energy alternatives and that he therefore supports the revision of the Brazil-FRG nuclear agreement. Feldmann objects to the fact that the Army is developing a program that is contrary to the president's ideas and which is not in keeping with the Army's constitutional functions.

According to Feldmann, the explanations given by the Army science and technology secretary on the objectives of the research being carried out with the REI [Experimental Irradiation Reactor] reactor, which could yield plutonium (raw material for the atomic bomb) as a by-product, are "not very convincing." He stressed the importance of the constitutional mandate of the National Congress to follow and oversee works in that area. Almost two years after the promulgation of the Constitution, Congress has not yet created the necessary institutional mechanisms to deal with this matter. According to Feldmann, this revelation shows that Congress is lagging behind current events.

Congress should be ready to deal with this matter and has been caught off guard by the newspapers. This is another reason for Congress President Senator Nelso Carneiro to expedite the creation of a specialized commission to deal with the nuclear sector.

Nuclear Power Plant Shut Down for Repairs

PY2009154590 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Sep 90 p 16

[Text] Rio de Janeiro—The Angra-1 nuclear power plant, located in Angra dos Reis, has once again discontinued its operations, this time because of a mechanical problem detected on 13 September in a dump valve of the secondary water circulation system outside the reactor core. The executive board of the state-run company Furnas [Furnas Electric Power Plants, Inc.], headquartered in the Botafogo neighborhood, confirmed yesterday that the problem was caused by the pin in the valve's operating shaft. The executive board has said that the problem involves no risk of a radiation leak.

Even though plant operations have been discontinued to repair the valve, the executive board has reported that the measure had already been scheduled. The plant has two three-meter valves that close the flow from a pump that pumps sea water in and out of the plant. The executive board said that the plant will resume operations today or tomorrow. The plant can produce 656 megawatts, which is equivalent to 20 percent of the electricity consumed in Rio de Janeiro.

Agriculture Agreement Signed With Uruguay

PY2109141690 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Sep 90

[Text] Agriculture Minister Antonio Cabrera and his Uruguayan counterpart Alvaro Ramos have signed a joint communique establishing the integration of agricultural policies between Brazil and Uruguay.

Alvaro Ramos visited a scrubland agriculture and livestock research center, one of Embrapa's [Brazilian Agriculture and Livestock Research Enterprise] model units. He said he was very impressed with the technologies developed by this center, especially those regarding the

use of nitrogen-rich fertilizers, which according to experts, can greatly benefit small soybean and black bean crops.

At the end of the visit to this center, the two ministers signed a joint communique establishing the integration of agricultural policies between the two countries. Minister Cabrera explained the main points of the document:

[Begin Cabrera recording] The first point, for example, refers to Brazilian-Uruguayan unity at the negotitions with GATT, seeking the creation of a Southern Cone bloc, first, and second, the creation of the group of [word indistinct], to fight protectionism in the international trade of agricultural products. Only through the unity of producing countries will we be able to reverse this situation.

The second point is to increase relations between Brazil and Uruguay. Today we will sign a resolution to deregulate health barriers between Brazil and Uruguay. So far, all trucks coming from Uruguay, for example, are inspected by Agriculture Ministry officials. As of today, we are going to inspect at most four percent of the merchandise entering the country. We are going to inspect samples of merchandise. The Brazilian Government will give a vote of confidence to the health certificates issued by the Uruguayan Government, and by all Southern Cone countries. [end recording]

The Brazilian agriculture minister added that an exchange of agricultural technology between Brazil and Uruguay seeks to increase food production.

Pernambuco State Government Plane Crashes

PY2109152290 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Sep 90

[Excerpt] A Pernambuco State Government Bandeirante plane, registration No. PPFAW, which was carrying 10 passengers and two crew members, crashed into the sea early last night near the Fernando de Noronha Island. The plane, which was en route to Racife, lost altitute after taking off and crashed into the Atlantic.

The Second Air Force Command has not yet received information on the causes of the accident. The commander of the Fernando de Noronha Air Base has stated that there is absolutely no chance that anyone survived.

The rescue operations began immediately after the accident and involve six IBAMA [Brazilian Institute for Environmental Affairs] fast boats and five fishing vessels. [passage omitted]

Chile

Aylwin To Meet Bush, Visit Ecuador, Mexico

PY2209010490 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 21 Sep 90

[Text] President Aylwin has reported that he will meet with U.S. President George Bush during his upcoming visit to the UN General Assembly. The head of state will also make official visits to Ecuador and Mexico.

[Begin recording] [Aylwin] I believe it is important for our country to improve ties with other fraternal countries in Latin America, to have an opportunity to meet with President Bush, and especially to have an opportunity to exchange opinions at the United Nations with presidents from other countries, from the entire world, and to be able to speak in the name of Chile, to give testimony before the international community on our true situation and our hopes and needs as a nation.

I am therefore making this trip, which will be 10 days long and quite hectic. I believe, however, that it will be to Chile's advantage.

[Reporter] Will you meet with President Bush?

[Aylwin] Yes, I am going to meet with President Bush.

[Reporter] In Washington or New York?

[Aylwin] I have been invited to talk with President Bush in either New York or Washington. [end recording]

Argentine Envoy Explains Decision on Gulf Troops

PY2309013690 Buenos Aires DYN in Spanish 1904 GMT 22 Sep 90

[Text] Santiago, 22 Sep (AFP-NA)—It has been officially reported that special Argentine envoy Raul Carignano today delivered to the Foreign Ministry in Santiago a letter from Argentine President Carlos Saul Menem to Chilean President Patricio Aylwin explaining his decision to send troops, warplanes, and ships to join the blockade against Iraq.

The text of the message, which Carignano also delivered to the Brazilian Government and will soon deliver to the presidents of Colombia, Mexico, and Venezuela, was not revealed.

Carignano, foreign under secretary for Latin American affairs, told the media that, with this decision on the crisis, Argentina has observed the UN resolutions and "joined the efforts to safeguard peace and to prevent war from breaking out at all costs."

Carignano, who arrived in Santiago from Brazil on Friday night, left for Bogota this afternoon immediately after meeting with Chilean Foreign Minister Enrique Silva Cimma.

Interior Minister Says 'No Room for Coups'

PY2209010590 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 21 Sep 90

[Text] Interior Minister Enrique Krauss has said that General Pinochet does not represent a political alternative for this country. He described as unbalanced the attitude of those who invoked Gen. Pinochet's name in recent demonstrations.

[Begin Krauss recording] Gen. Pinochet does not represent a political alternative for this country. In my opinion, to invoke his name is symptomatic of those who suffer anguish neurosis [neurosis de angustia], who suffer from a paternalistic widow and orphan complex, and who do not want to admit the real situation—namely that, within the timetable that he implemented, Gen. Pinochet spoke of the alternative of remaining as Army commander in chief, a respectable position, a position that we respect, and a position from which he is absolutely unable to become involved in politics.

Therefore, I repeat, those who are using his name are simply expressing an unbalanced attitude because I believe that it is more realistic to accept that there is a constitutional president here and that there is a project in which all Chileans are involved. Therefore, in my opinion, I repeat, the attempt to introduce these variables simply represents an unbalanced attitude.

If this is an attempt to encourage a coupist way of thinking, I will say that there is no room for coups in this country. [end recording]

Bosselin Urges Pinochet To Reflect on Role

PY2209151090 Santiago Radio Cooperativa Network in Spanish 2200 GMT 21 Sep 90

[Text] When Hernan Bosselin, acting president of the Chamber of Deputies's defense commission, was asked his opinion on the meeting that General Augusto Pinochet held with President Patricio Aylwin, he said: After the meeting, during which the chief of state voiced his concern over Gen. Pinochet's conduct, the Army commander must necessarily realize that he must refrain from any political activities.

[Begin Bosselin recording] I believe that, in the first place, it will force the people to realize that Chile demands that its officials fully abide by the Constitution. In the second place, I think it will give Gen. Pinochet something to think about. The month of September is almost gone, and I am sure that Gen. Pinochet at home, during the meetings with his subordinates and his advisors, will necessarily realize that he must refrain from engaging in politics. He must realize that he cannot assume an outstanding role, that he cannot permanently give news conferences or carry out activities that cause the political sector and the country to worry about his remarks, not because they refer to issues exclusive the the Armed Forces but because, in some way or another, he refers to political issues. [end recording]

Deputy Bosselin noted that it is expressly established in the 1980 Constitution that the Army commander must not engage in politics.

[Begin Bosselin recording] According to the Constitution currently in force, the armed and security forces are hierarchic, disciplined, obedient, and nondeliberating bodies. Gen. Augusto Pinochet played an important role in defining the Armed Forces when the 1980 Constitution was drawn up in 1978. In the acts of the commission in charge of drawing up the Constitution, Enrique Ortuzar, who was president of that commission, gives details of a lengthy meeting with Gen. Augusto Pinochet who reiterated and agreed with the members of the commission that the best way for the Armed Forces to preserve their prestige and independence was to refrain from political activities in order to maintain their role as a great institution, outside all debates in the political arena which, in themselves, are heated. [passage omitted] [end recording]

Moreover, Bosselin added that the Armed Forces internal regulations categorically state that none of their members can engage in politics. Bosselin ended by stating that Gen. Pinochet must therefore respect these regulations.

Teitelboim Scores Pinochet's 'Interventions'

PY2209131690 Santiago Radio Cooperativa Network in Spanish 2200 GMT 21 Sep 90

[Text] Volodia Teitelboim, general secretary of the Communist Party of Chile [PCCh], said that the month of September has been a difficult and distressing month due to General Augusto Pinochet's periodic interventions in politics.

Teitelboim made this statement during a news conference at which he was accompanied by Carlos Cantero and Jorge Insunza, members of the PCCh political commission.

In the first place, Teitelboim criticized the arrest of EL SIGLO editor Juan Andres Lagos and the order of arrest against Guillermo Torres, president of the journalists association, and ANALISIS magazine editor Juan Pablo Cardenas. Teitelboim said that these situations are not isolated incidents, and he referred to Gen. Pinochet's conduct regarding this.

[Begin Teitelboim recording] The month of September has been a difficult month that has brought anguish and distress to Chilean democracy due to the Army commander in chief's virtually daily interventions in politics. There is no need for him to be a militant of any political party in particular. He is an ultrarightist and is very nostalgic for the power he usurped for 16 years. His current dream is to return. There is no other explanation for the sequence of revealing events that have taken place during the month of September. [end recording]

The PCCh leaders pointed out the need to create a great movement, similar to the Civic Assembly, to defend democracy and confront these attempts to destabilize the government.

Soviet Representative Visits To Promote Trade

PY2209130690 Santiago EL MERCURIO in Spanish 13 Sep 90 p C6

[Excerpts] The first direct meetings between Soviet and Chilean businessmen will take place in Santiago in May 1991 and in Moscow in August 1991. This information was disclosed by Viktor Volskiy, director of the Latin American Institute of the USSR Academy of Science. The institute is arranging these meetings.

Volskiy came to Santiago to make final arrangements for these meetings designed to promote trade between the two countries after the resumption of relations 11 March, create mixed enterprises, exchange information, and establish the Chilean-USSR Chamber of Commerce.

Moreover, Volskiy has signed a cooperation agreement with the Political Science Institute of the University of Chile. [passage omitted]

The Institute for Contemporary International Affaires [Instituto para las Relaciones Internacionales Contemporaneas—IERIC] will be in charge of organizing these meetings in Chile.

Volskiy disclosed that such meetings were held successfully in Argentina with the participation of 22 Soviet and 74 Argentine enterprises, and that 45 agreements were reached. [passage omitted]

Congressmen Say Fishermen Trafficking Cocaine

PY2209124490 Santiago EL MERCURIO in Spanish 13 Sep 90 p C13

[Report by Audenico Barria Navarro]

[Excerpts] Valparaiso—During a news conference yesterday, Senator Anselmo Sule and Deputies Juan Pablo Letelier and Sergio Velasco denounced the existence of a trafficking route for cocaine paste which is transported by small fishermen who take seafood to Peru. The legislators, who intend to deliver precise information on the issue to the Chamber of Deputies today during a special meeting to discuss the subject, said that young people, especially students, are the main buyers.

In this regard, Sergio Valasco stated that the situation was spotted during a recent visit by members of the Chamber of Deputies government commission to the first and fourth regions. He said: "On that occasion we detected it and received information on it, especially the production of cocaine base paste, which is brought from Peru by small fishermen." [passage omitted]

The legislators also charged that marijuana plantations have gradually been transferred from the fifth to the fourth and sixth regions, which is beginning to cause serious problems among the small farmers.

The legislators added: "Marijuana is planted in corn and wheat fields, which makes it very difficult to detect, even from the air. Therefore, it is necessary to implement stricter control by giving the organizations in charge of this job the necessary means." [passage omitted]

Colombia

Authorities on Alert Following Terrorist Threats

PA2209220290 Hamburg DPA in Spanish 2007 GMT 22 Sep 90

[Text] Bogota, 22 Sep (DPA)—Colombian authorities have been on a state of alert after several threatening communiques have reported future terrorist attacks against two important police headquarters, according to reports from Bogota today.

The RCN [Radio Cadena Nacional] radio station has reported that unidentified terrorist organizations have sent messages announcing dynamite attacks against the headquarters of the Administrative Department of Security (DAS)—the secret police—and the Directorate of Judicial Police and Investigations (DIJIN) located in downtown Bogota.

The threats, apparently made by the drug mafia, increase the tension that has prevailed in Colombia following the kidnapping of several journalists who are reportedly being held by the Medellin Cartel.

An alleged member of that terrorist organization claimed recently that the band is holding journalist Diana Turbay Quintero, director of the magazine "HOY FOR HOY;" Francisco Santos Calderon, chief editor of the morning newspaper "EL TIEMPO;" and Marina Montoya, the sister of the Colombian ambassador to Canada, German Montoya Velez.

Turbay Quintero, the daughter of former President Julio Cesar Turbay, disappeared last 30 August when she left Bogota to interview a guerrilla leader. She left together with reporters Juan Vitta, Azucena Lievano, Hero Buss, a German, and two television cameramen.

Last December a powerful charge of dynamite camouflaged inside a bus partially destroyed the DAS building, killing at least 70 passers-by.

DAS and DIJIN units staged an all-out "war," which was declared by the Colombian Government against the drug trafficking mafia last year.

Security Council Issues Communique

PA2309024890 Bogota Inravision Television Cadena 2 in Spanish 0108 GMT 23 Sep 90

[Communique issued by the Security Council in Bogota on 22 Sep; read by Security Adviser Rafael Pardo Rueda—recorded]

[Text] The national government is hereby warning the people about the proliferation of confusing communiques regarding public order situations and the problem confronted by a group of well-known journalists. The real source and contents of these communiques are not completely clear. The national government reiterates the position that it has repeatedly expressed regarding the need for this type of communique to be handled within the proper perspective. These communiques must not be placed in the same category or given the same credibility as that given to official reports issued by the government, by honorable persons, or by legally constituted institutions.

The national government is obligated to use the constitutional and legal precepts and all the current laws on

this matter to prevent this information from creating confusion and terror among the people.

22 September 1990

Gaviria Views Justice System, Constitution

PA2209181590 Bogota Inravision Television Cadena 1 in Spanish 0223 GMT 21 Sep 90

[Part two of an interview with President Cesar Gaviria Trujillo by news anchor Yamid Amat on the "Caracol Report" interview program; place and date not given—recorded]

[Excerpts] [Passage omitted] [Amat] What has been the response to your decree challenging the scourge of drug trafficking?

[Gaviria] I do not expect there be thousands of Colombians going before court judges to take advantage of the mechanism. Basically, I would say that this is the beginning of a policy to strengthen our judicial system and to strengthen our courts. This is how it should be understood. In the future we might further revise the criteria by which Colombians are extradited. We will increasingly be able to trust in our system of justice. Of course, this will be to the same extent that our judicial system is strengthened. We are going to make decisions through state of siege decrees. We are going to present a law or laws to Congress that represent gradual steps toward establishing the indictment system. Afterward will come the constitutional reforms of the constituent assembly, which will establish a large number of new instruments and mechanisms to strengthen our judicial system. This will be followed by the legal development of the standards established in the Constitution. I trust that after a year and a half or two years, our justice system will be considerably strengthened and in a position to fully assume the role of imparting justice.

I have no ideological problems with extradition. However, extradition cannot be implemented as a general rule, nor can extradition be indiscriminate. It must be a complementary tool. Essentially, imparting justice must fall to our courts, our laws, and our judicial branch.

If in the past, we resorted, amid totally foreseeable public order situations, to the relatively indiscriminate extradition of nationals, we could justify such extraditions because of the nature of the confrontation at that time. However, we must prepare to strengthen our justice system. This is what we are engaged in, the initial step in strengthening our justice system; that is, a unilateral, sovereign action by the national government. Of course, we hope that these mechanisms will work. I expect them to work, and I expect that there will be citizens who quit their criminal activities, cooperate with the authorities, and bow to Colombian justice.

[Amat] Do you favor extradition?

[Gaviria] Indiscriminate extradition? No, Yamid. While I have no ideological problem with extradition per se, indiscriminate extradition, of course, winds up doing harm, as has already happened in Colombia. It cannot be justified other than by the exceptional situation that the country was experiencing. However, I believe that today we cannot apply indiscriminate extradition. Of course, if by today's criteria a person was in the United States and committed serious crimes there, and there was clear evidence of his guilt, then eventually he would have to answer to the courts of that country. However, if the crimes were not committed there, but here, if the charges alleged there are not considered crimes here, if there was no malicious intent, then there is no reason for us to extradite our nationals. As I said, the criteria can be revised even more in the future, as our justice system gathers strength and as long as they do not resort to terrorism or bombings or to making our country a place where one cannot live. Of course, when they have challenged our system as they have, society defends itself as best it can and resorts to the instruments that it has. I hope that in the future, the public order situation will permit us to work more in this regard, to revise the criteria more, to make our laws more objective, and to make them less subjective. This will permit us to make progress in strengthening our justice system. To me that is what is essential. [passage omitted]

[Amat] Regarding the constituent assembly, you have created 10 commissions and subcommissions. Can anyone, any Colombian, become a member of those commissions and promote anything he wants?

[Gaviria] Yes, that is correct. I would like to explain what we have done. We have created preparatory commissions comprised of experts and representatives of all social sectors to help us work on the agenda for the constituent assembly.

We have also created working groups in all of Colombia's municipalities and have asked the mayors to promote those working groups. We have also created them in the universities and Indian communities and have asked the social forces there to organize working groups.

Why? So that the people have somewhere to offer their proposals, so that each Colombian with an idea related to constitutional and institutional changes can promote that idea.

Some of those ideas may not be on the agenda and get an answer immediately, but they will receive an official response. We might tell them that the proposals they have made are not incumbent upon this constitutional assembly, or that they are government policy and the respective minister will examine them. We could also say that they qualify as constitutional proposals that are not on the agenda, but that we will ask the first commissions of the senate and the chamber, or the organizations eventually determined by the constituent assembly, to include them on their future agendas.

I believe that the constituent assembly must be a participatory process. We cannot just decide that there is an elite group that knows everything and that only members

of it can make proposals. The constituent assembly was created to be an instrument of political participation, and people who have something to propose must find a forum, a stage where they can propose it. That is implied in the mandate we received from the Colombian people on 27 May.

[Amat] Did the political agreement included on the agenda include the agenda topics for the constituent assembly?

[Gaviria] The agenda is very broad, and I am sometimes surprised when people say that the agenda is narrow, because when you ask the people what they have to propose, it turns out to have already been included. Almost anything can be included on the agenda; there are only three or four things that are not included. In fact anything can be included—all the ideas the people usually have and that they would like to see included in the Constitution can be included on that agenda. We have simply been precise. We have been clear because we do not want the constituent assembly to destroy the rule of law, but to strengthen it.

There are some who want to abandon the rule of law and create a completely sovereign and autonomous constituent assembly, with no time limit. That would take us away from the rule of law and into a a state of confusion, and we do not think that is what the country needs. The country needs a defined constituent assembly, with a defined time limit and agenda, which will meet for six months to help us strengthen the rule of law and modernize our institutions, not to create confusion and destroy the legal order, but to strengthen it to have a legal order that we may all heed and respect.

Regarding the other idea, the more radical idea, of those who want a completely radical, sovereign, autonomous, and unlimited constituent assembly, what they want is destruction. They want to think that there is a revolution or that someone suddenly came to power and wants to impose his constitution, but that is not the case. We will strengthen the state of law, to update ourselves after two or three decades when constitutional change was at a standstill for various reasons.

[Amat] Mr. President, what is it that you most want to happen with the constituent or the national constituent assembly?

[Gaviria] In the first place, I hope we have a high rate of participation, and I would like people to feel that this is an historic, exceptional, and unequaled opportunity. This has not happened for some time, except for the plebiscite over 30 years ago. And that was not an assembly, but a proposal made by the political parties of the day.

I believe that an opportunity such as this one only happens in a society after many decades or maybe every century. Since the 1886 Constitution was drafted, 104 years ago, we have not had the opportunity to make significant institutional changes such as the ones that could result from this constituent assembly.

I hope citizens understand this. They must understand that these changes are important and that we will either win or lose with them. We can lose if people do not participate or choose good constituent assembly members. Our democracy could also be hindered. Thus, it is important that citizens participate, vote, get involved, make proposals, and follow up on the constituent assembly's work. This will enable us to have a constituent assembly that will certainly lead to the modernization of our institutions, make our congress truly representative, provide the Judicial Branch the necessary elements for effectiveness, modernize and change our public administration, and last, enable our citizens to participate in these institutional changes. Citizens must participate in these tasks because they are of the utmost importance and essential for Colombia's life today. I believe that this is a fundamental task and hope that the constituent assembly will carry it out. I, of course, also hope, as I believe most Colombians do, that the court will declare the process legal. I have said that I will accept the court's decision, but I do hope it decides that what we have agreed to is legal and that we can modernize Colombia's institutions. This is the great democratic response of the Colombians in confronting the violence.

[Amat] Mr. President, regarding the institutional changes you want for Colombia, [words indistinct] do you strive to end your term without a state of siege?

[Gaviria] That is the expectation of every president, and I certainly share it. Hopefully, I will be able to govern the country by our laws and without using special measures. To govern under a state of siege means that I will be deciding what to do and what can be done. This type of governing is done without deliberation or discussion. Sometimes it requires undue restriction of public liberties.

Somehow we must get the violent people in Colombia to abandon their methods so that we do not need a state of siege. If we can achieve this, special measures would be unnecessary. The drug traffickers would abandon terrorism, and the guerrillas would abandon obsolete objectives. The guerrillas' political model is outdated the world over. The guerrillas must stop trying to reach their objectives through violence. Objectives have to be reached peacefully and with orderly institutional changes. This is what we demand of the guerrillas. They must struggle peacefully toward their objectives, without violence.

If we accomplish this, I am sure the country would be governed without special measures and under norms indicated by our Constitution, laws, and [words indistinct] peace.

PRC Official on Drug Fight, Trade Ties

PA2209141090 Madrid EFE in Spanish 0039 GMT 21 Sep 90

[Text] Bogota, 20 Sep (EFE)—In Bogota today, Qian Qichen, minister of foreign affairs for the PRC, encouraged the world community to create a common front against drug trafficking.

Qian said that an effective fight against drug trafficking must include the cooperation of drug-producing countries, consumer countries, and the countries used for transhipment.

During a press conference held at the Colombian Foreign Ministry, Qian underlined the PRC's historic effort against drug use, particularly against heroin.

Qian arrived in Bogota on 17 September as part of a tour through Latin America aimed at improving cultural and commercial ties between the PRC and Latin American countries.

Qian expressed regret that the PRC's commercial ties with Latin America are not more than $3 billion, adding that increased trade and integration are necessary to reduce dependency on the larger countries.

The Chinese minister expressed optimism regarding the new East - West relations and said that the current changes in the Soviet Union and Western European nations would naturally benefit the people of the countries.

He also said that due to cultural and economic reasons, the PRC cannot undertake any radical reforms at this time. He pointed out that Beijing, however, is trying to democratize the institutions and provide more protection for private enterprises.

Qian condemned the Iraqi invasion of Kuwait. He noted that the PRC has agreed with all of the UN Security Council's resolutions and opposes any military intervention in the Persian Gulf.

He said that the PRC would prefer to see the conflict settled by international organizations or by the Arab nations affected by the current crisis.

Qian signed several agreements with Colombian authorities in the fields of construction and engineering and offered a $5 million loan for agricultural projects.

Colombia is the only Latin American country exporting coffee to the PRC. It is, however, undertaking efforts to boost coffee sales because of its low supply in the PRC.

Development Minister on Cuts in Tariff Imports

PA2109172390 Bogota Radio Cadena Nacional in Spanish 1230 GMT 18 Sep 90

[Interview with Development Minister Ernesto Samper Pizano by an unidentified reporter; place not given—live]

[Text] [Reporter] Mr. Minister, good morning.

[Samper] Good morning.

[Reporter] So that everyone will understand, please explain what the tariff reduction decreed yesterday means.

[Samper] The tariff reduction consists basically of a reduction in tariffs on imported capital goods, like machinery used to manufacture goods and raw materials. This means that, beginning this week, Colombian industrialists will be able to expand their manufacturing plants and produce goods at a lower cost because the raw materials used in production will be cheaper. In addition, they will be able to import more equipment and create more jobs. This measure represents for the treasury approximately 81 billion pesos that importers of industrial machinery and raw materials will not have to pay. Also, the measure will reduce the industrialists' tax burden, thus encouraging investment for production.

[Reporter] How will the national treasury recover the 81 billion pesos?

[Samper] In the first place, capital goods imported by government agencies have been tax free so far. In other words, any machinery or equipment imported by a state agency was tax free. As of today, however, the importing agencies will have to pay taxes on such imports. With this, we expect to increase the government's revenue and stimulate local purchases. The situation in Colombia had gotten to be such that it was less expensive and easier for state institutions to import goods than it was to buy locally produced goods and pay the taxes.

[Reporter] What will the government do to ensure that the benefits of the tariff reduction are transferred directly to consumers, such as peasants and farmers, instead of being pocketed by importers?

[Samper] Well, businessmen should understand that with this effort, and other economic measures for industry, which I will announce at the Colombian Metallurgical Federation assembly in Cartagena on 29 September, that we intend for them to improve their productivity. The Colombian industry is facing technological exhaustion. We want the Colombian industry to produce, not only for the local market, but also to compete on the foreign market. This way, industrialists can expand their businesses. We must stimulate them. I am sure businessmen will understand that these measures are not aimed at increasing prices, but at decreasing prices by increasing production. The idea is not only to sell at lower prices in Colombia, but also to sell abroad as well.

[Reporter] Mr. Minister, you handled that topic very well. But the people have asked whether the government has the liquidity to market products and purchase whatever is needed.

[Samper] As it has been said, these measures must be supplemented with others, including loans and other available resources. These measures are precisely the

ones we will present in the Monetary Board meeting tomorrow. We can report that there are 30 billion pesos available in the Industrial Financial Fund to be lent to Colombian industrialists.

[Reporter] By what percent have the tariffs been reduced, Mr. Minister?

[Samper] As you know, all imports are taxed with a surcharge, which has been reduced from 16 to 13 percent. This amounts to a reduction of $120 million. The other component is the tariffs applicable to specific goods. Such tariffs on machinery or capital goods have been lowered by approximately $48 million.

Ecuador

Gas Prices Increased Despite Prohibition

PA2109155490 Paris AFP in Spanish 0328 GMT 20 Sep 90

[Text] Quito, 19 Sep (AFP) - The Ecuadoran Government defied a congressional prohibition today and announced a new increase in gasoline prices, effective 20 September. The parliament, which is dominated by opposition party members, recently issued a resolution rejecting the increase.

Washington Herrera, secretary general for the administration, and Gonzalo Ortiz, President Rodrigo Borja's personal secretary, denied the possibility that congress will freeze prices, because if it did, it would mean that the country has two governments.

Congress, which has been dominated by the opposition since 10 August, suspended the monthly fuel price increases, part of the government's gradual economic adjustment strategy.

The president has warned that economic policies are the exclusive responsibility of the government and that he would not uphold freezing prices.

President of Congress Averroes Bucaram has warned that if the last monthly increase, established at the beginning of the year, takes effect tomorrow, the parliament will "punish" Energy Minister Diego Tamariz.

The confrontation is part of a number of incidents that have been called "the power struggle."

Paraguay

Deputies Say No Foreign Troops in Country

PY2109161290 Asuncion EL DIARIO in Spanish 21 Sep 90 p 2

[Excerpt] Yesterday the deputies had to argue a great deal before the chamber approved a delcaration to the effect that there are no foreign military bases in Paraguay and that, should there be any plans to set up such bases, they will enforce Article 149, Paragraph 16 of the national Constitution which states that Congress must authorize the executive branch to allow foreign troops into the country.

The draft declaration was prepared by the Foreign Affairs Committee of the Chamber of Deputies and defended by opposition deputy Jose Felix Estigarribia who explained that an investigation had revealed that there are no foreign military bases anywhere in the national territory.

Estigarribia indicated that first the committee contacted Foreign Minister Alexis Frutos Vaesken, and then Committee Chairman Antonio Salum Flecha discussed the subject with the defense minister, General Angel Souto Hernandez. Estigarribia said that the defense minister categorically stated that there are no foreign bases in Paraguay.

Estigarribia acknowledged, however, that military exercises are conducted frequently and that some of them involve foreign troops. He explained that whenever foreign troops enter the country, Congress must be asked to issue the appropriate authorization in keeping with the Constitution.

Deputy Gustavo Riart [Authentic Radical Liberal Party] objected to the draft declaration on the grounds that it did not clarify the core of the matter which, as far as he was concerned, is whether there are foreign troops in Paraguay. He added that the jurisdiction of Congress must be respected.

Ruling Colorado Party Deputy Julio Cesar Vasconsellos asked that the draft be rejected because it did not comply with the regulations to become a declaration since it did not contain an opinion. He explained that the draft submitted to the plenary meeting of the Chamber of Deputies is a statement, not a declaration. He added that its contents were "truistic," and asked that it be rejected. Deputies Dr. Persio da Silva [Colorado Party] and Osvaldo Bergonsi also praticipated in the debate. A majority approved the draft. [passage omitted]

Government Announces Fuel, Utility, Salary Hikes

PY2209144090 Asuncion PATRIA in Spanish 22 Sep 90 p 5

[Communique issued by the National Economic Team in Asuncion on 21 September]

[Text] Exercising the powers vested in it by Decree 6019 of 6 June 1990 and by Decree 6926 of 4 September 1990, the National Economic Team hereby decides to:

1. Authorize the increase of water, electricity, and telephone rates as follows:

a. Corposana [Water and Sanitation Company]: The basic consumption rate will increase by 20 percent. There will be a progressive increase in rates of up to 50 percent for average consumers and of up to 80 percent for high consumers. An adequate average rate based on average consumption levels will be applied to buildings in which one water meter is used by several families.

b. ANDE [National Electric Power Administration]: 20 percent.

c. Antelco [National Telecommunications Administration]: 20 percent on the basic rate.

The new rate scales will be approved through resolutions of the respective ministries and will go into effect on 1 October.

2. Authorize the increase of public bus fares in the cities to 250 guaranies. The respective municipal officials and bus companies are urged to equip buses as soon as possible with an adequate system for counting passengers. The Public Works and Communications Ministry will issue the appropriate resolution.

3. Authorize the increase of fuels as follows:

Diesel oil to 480 guaranies per liter.

Regular gas to 720 guaranies per liter.

Premium gas to 800 guaranies per liter.

The Industry and Commerce Ministry will implement these increases, which will go into effect on 22 September.

4. Authorize a 15-percent increase in the minimum salary effective 1 October. The Justice and Labor Ministry will issue the appropriate resolution.

[Signed] Enzo Debernardi, finance minister; Antonio Zuccolillo, industry and commerce minister; Raul Torres, agricultural and livestock minister; Crispiniano Sandoval, Central Bank president; and Washington Ashwell, executive secretary of the Technical Planning Secretariat.

Foreign Minister Travels to New York for UN Meeting

PY2309224290 Asuncion ABC COLOR in Spanish 23 Sep 90 p 6

[Excerpts] Last night Foreign Minister Alexis Frutos Vaesken traveled to New York, where he will undertake an important mission at the 45th UN General Assembly. He will speak before the Assembly on 26 September. [passage omitted]

Frutos is traveling with Oscar Cabello Sarubbi, Foreign Ministry general affairs under secretary. Bernardino Hugo Saguier Caballero, foreign relations under secretary; Senator Carlos Augusto Saldivar; and Deputy Jose Felix Fernandez Estigarribia will join the delegation in the next few days.

Ambassador Alfredo Canete, our country's permanent representative to the United Nations, adviser Vicente Pappalardo, and First Secretary Pedro Zulin Rojas will join the delegation in New York. [passage omitted]

Uruguay

Lacalle Says Country 'Bound' to UN Resolution

PY2209025090 Montevideo LA HORA POPULAR in Spanish 11 Sep 90 p 3

[Excerpt] President Luis Alberto Lacalle and his aides will analyze the offer that Iraqi President Saddam Husayn made yesterday to provide free oil to Third World countries that have been affected by the commercial embargo that the United Nations imposed on Iraq.

In statements to LA HORA POPULAR, the president said that this type of offer should be carefully studied, although he added that Uruguay "is bound" to the UN resolutions.

Lacalle learned about the Iraqi offer through a journalist from this newspaper. He said: "I am learning about it from you, and I cannot really give you an opinion before I meet with the Cabinet."

Meanwhile, Foreign Ministry sources have said that the UN resolutions involve restrictions on its members. [passage omitted]

Gros on Possibility of War in Persian Gulf

PY2309234090 Buenos Aires DYN in Spanish 2324 GMT 23 Sep 90

[Text] Montevideo, 23 Sep (REUTERS)—Today Uruguayan Foreign Minister Hector Gros Espiell stated that the international community must exhaust peace negotiations in order to avoid a war in the Persian Gulf, but if these negotiations fail, then one "must be prepared to reach that point."

"From the Uruguayan viewpoint all diplomatic and negotiation measures must be exhausted before using force," Gros stated during an interview published in the newspaper EL DIA.

"But at the same time we have to be prepared to, in the last instance, reach that point because the principles of international law cannot be violated in any way," he added.

"Annexation is the law of the jungle and an end to a peaceful international community ruled by the legal structure it has sought to build," he concluded.

Economy Minister Announces New Measures

PY2109155890 Montevideo BUSQUEDA in Spanish 13-19 Sep 90 pp 21, 26

[Text] Economy and Finance Minister Enrique Braga has said that the government will intensify its efforts to curb inflation. He said that from the fiscal point of view this is possible, and two conditions are required: to assert monetary control and to begin structural reforms.

In a prerecorded message distributed to television channels on 11 September, Braga said that the results (obtained in the first months of the current administration) are positive in general, except for the inflation rate that has been higher than expected and consequently affected salaries negatively.

Regarding the objective of asserting monetary control, Braga said:

-"Greater flexibility in the exchange field" (The BCU [Central Bank of Uruguay] has already ordered an opening in selling and purchase operations of the exchange market, allowing a greater margin of operations).

-"Strict control of credits for the private sector."

-"Little growth in the money supply."

-"The dollar exchange rate will increase according with the inflationary expectation."

Braga forecast that "as a result of these measures the growth of the money supply will decrease dramatically, as happened in August."

Braga said that many structural reforms depend on congress to whom the executive branch has sent some initiatives, although "there are fields that do not require congressional approval and in which the executive branch may implement reforms."

He said that "the main priority" of these reforms is efficiency," both in the private and public sectors. [quotation marks as published]

The minister announced "two decrees" to encourage efficiency in the private sector.

- To restructure "the reference price system so as to adjust those instruments for their real purpose. That is, to compensate national businessmen for the regional exchange distortions and for disloyal trade practices, and to establish clear mechanisms for this adjustment in order to expedite resolutions."

- To announce "additional reductions of the subsidy established by the law of 24 October 1968" (the discounts that benefited textile exports).

- The BCU has decided "to gradually eliminate subsidies to certain exports included in the export prefinancing system." (The BCU announced at the beginning of this week an initial 33-percent reduction of subsidies.)

The minister announced that the government intends "to purge inefficiencies in the public sector, acknowledging that the waste of resources for which the Uruguayan public sector is responsible decidedly affects the productivity of private sector resources." He listed the following measures:

- Agreement with Pluna [Uruguayan National Airlines] to exploit the Madrid route and sale of its assets.

- "Election of a consulting firm" to help "return" the Montevideo gas plant "to the public sector, the best way possible."

- Sale through the National Corporation for Development, CND, of "all the companies with financial difficulties."

As for the internal debt, Braga sustained that the government is aware of the fact that "the national authorities have carried too far their actions to rescue companies in a critical situation."

To change this situation, in addition to the CND decision, the minister proposed:

- "To restore legal safety, especially the obligatory legal aspects of contracts."

- "To stress the final decision" of the recent measures adopted for the sector indebted with the official banks.

- "To urgently adopt measures regarding delinquent debtors by selling credits or hiring external legal services."

- To support the BROU [Bank of Uruguay] policy of "not granting consideration to any credit operation not in keeping with these strict commercial criteria."

At the beginning of his report, the minister went over the situation in which the government found the administration, and he said that "good results" began to be observed, some of which he listed:

- "Since April the fiscal deficit is near 2.5 percent of the GDP."

- "Expenses have been greatly reduced while fiscal income is increasing."

- "Since April, the National Treasury has had four months with a surplus."

- "The unemployment rate during the May-July period was of 8.5 percent, one point below the rate registered during the same period last year.

- "Both exports and imports grew more than 10 percent."

Government Grants Salary Increase to Employees

PY2109185090 Montevideo Radio El Espectador Network in Spanish 1600 GMT 21 Sep 90

[Text] At a meeting with his ministers of state, President Alberto Lacalle issued a decree readjusting the salaries of public employees.

Article 1 of the decree establishes that as of 1 September 1990, central government employees will receive an increase of 25.2 percent of the salaries they are currently earning. The same increase is also granted to those included under Article 220 of the national Constitution.

Venezuela

Perez Discusses Restructuring Foreign Debt

PA2309234690 Caracas Venezolana de Television Canal 8 in Spanish 0340 GMT 22 Sep 90

[Speech by President Carlos Andres Perez at the the Miraflores Palace in Caracas; date not given—recorded]

[Excerpt] Senate President, Chamber of Deputies President, members of the Senate Commission, members of the Chamber of Deputies Commission, I have received, along with the Cabinet, the congressional commissions presided over by the heads of both chambers at the conclusion of the extraordinary sessions that convened only five days ago. This fact and circumstance has a very special meaning. I do not think that special sessions have ever been so short and yet at the same time so productive. This is important and significant for Venezuela. This is what must be stressed today. As both Senator Juan Stredel and Deputy (Nelson Chitty) underscored in their speeches, these sessions were characterized by a very close cooperation between the executive and legislative branches. The sessions were characterized by a continuous dialogue between the representatives of each branch, and all the representatives were aware that they faced a situation that deserved the utmost responsibility and sense of civic duty. This is exactly what the representative from the chamber of deputies was referring to in his speech regarding the credibility of politicians and the government.

If politicians and government officials would show that the interests of the country are more important than the party's interest, and if those of us who represent the nation in public institutions would express through our actions that we are not governed by sectarian or dogmatic ideas, but rather are serving the highest interests of the homeland, we would acquire the essential credibility needed to reinforce and consolidate the democratic process.

This is what we have done with this example, but it has not always been this way. Unfortunately, our history and traditions reveal deep controversies and confrontations that have led us astray from the duties and demands imposed on us by the homeland and people. We can take these congressional sessions as an example and a good framework for action. Of course, controversy lies deep at the core of the democratic life. The existence of tangible political organizations and the need for criticism, which enables the democratic state to operate more efficiently, are essential. We cannot conceive of democracy and development being in full agreement all the time. We should, however, be able to discern where the countries greatest interests are.

This refinancing law put before us a topic that has united us. The idea is not whether we are satisfied with our achievements. I do not think that we are because we live in a world where international injustice prevails and where international systems have been clearly designed

to favor the powerful in the world. This controversy concerning foreign debts will continue for many years to come.

Although we have one of the best refinancing formulas in current international terms, we will keep struggling for international justice and better circumstances. We will continue to cooperate with developing countries in Latin America and in other places in the world because they are bearing the yoke of the demands of the international monetary system.

I am making this analysis because I want to mention the unified and responsible way in which the government and congressional representatives have met this requirement that is vital for the country's economic health. I also want to say that we are in the middle of an international controversy. We cannot ignore it or selfishly think that we have avoided the difficulties that other countries are now experiencing.

The refinancing law, as Deputy (Juan Estredel) pointed out, lowers the annual burden of servicing the foreign debt from 3.120 billion bolivares to $1.248 billion, [currencies as heard]. This means that we lowered by 50 percent the amount needed to service the foreign debt. We lowered it by $1.872 billion. This constitutes an extraordinary achievement for the country. It enables us to keep resources that are needed to solve the urgent social problems mentioned by the members of congress. It also enables us to undertake with greater ease the development plans that—in the middle of this crisis we are experiencing—will help us to overcome difficulties and correct the large number of mistakes we have made.

However, there are more important achievements. Under the previous refinancing agreement, the country was given only 10 years to fully pay back its foreign debt. This time the deadlines extend up to 17 and 30 years, based on various options. In general terms—supposing that the exact parameters of the renegotiation are maintained and that there is no subsequent improvement—the amount to service the foreign debt will be reduced by an average of 50 percent throughout the 1990's. But there is something else that has not been considered and is a little difficult for most people to understand. We have practically paid 50 percent of our foreign debt. We have reduced our foreign debt by 50 percent.

The package of options that we submitted are based on previous refinancing agreements with other nations that have served us in good stead. From that balanced package, a significant number of banks chose the zero coupon bonds. Venezuela will purchase U.S. Federal Reserve bonds with long-term loans from multilateral banks, at interest rates that amount to a concession. These bonds will be put on trusteeship for 30 years and will totally pay off Venezuela's debt. That is why we are paying approximately 50 percent of our foreign debt with these zero coupon bonds. We lowered the foreign debt by 50 percent. This is how the situation stands with this negotiation. Now we must only pay a 6.75 percent interest rate, which is very low and favorable.

We have ended loan negotiations with commercial banks and have started negotiations with multilateral financial organizations. This also represents a considerable reduction of the interests that we must pay.

In sum, our negotiations have been beneficial considering the existing conditions for debt negotiation in our countries. These conditions do not take into account other factors that are part of the current international financial world, such as the commercial relations between our countries and the terms of trade which create adverse and unjust conditions for the development of our economies. Therefore, despite the steps we have initiated, we cannot feel satisfied.

We must also reflect on the fact that we have not wasted our time. Throughout the eighties, we constantly and firmly struggled against and denounced the unjust conditions in the terms of trade and the conditions imposed upon us regarding the payment of our debt. Five or more years ago, no government in Venezuela or elsewhere could have accomplished what we have accomplished today. The conditions that the international monetary system and economic powers had imposed brought about the failure of the efforts made—with great sacrifices—by Mexico, Brazil, and Argentina.

Because of the struggle waged throughout these years in the developing world, namely the Third World, by different political sectors, governments, and political and economic organizations, we have at last achieved more understanding from the world economic powers. This, senators and deputies, means that we must continue with the struggle to understand that the answer to our countries' problems is not within our borders. We must actively continue to participate, together with the developed nations, in the struggle for a new economic order, new terms of trade, and a world of justice and equality. This world of justice and equality lays ahead of us today despite the difficult situations we are experiencing due to another historic event that has surprised all nations. I am referring to the sudden end of the east-west confrontation and the understanding between the two superpowers.

This is not the right time to discuss this issue in detail. However, senators and deputies, we must not forget that this is a great time for us Venezuelans to try to change our situation and reach higher levels in our international struggle to achieve the authentic goals of our real and true sovereignty, a sovereignty we hardly exercise due to circumstances known to all. [passage omitted]

Minister Criticizes Troop Presence in Gulf

PA2309225690 Hamburg DPA in Spanish 2100 GMT 23 Sep 90

[Text] Caracas, 23 Sep (DPA) - Venezuelan Foreign Minister Reinaldo Figueredo Planchart has criticized the

massive presence of troops in the Persian Gulf. He called for an "Arab solution" to the conflict that broke out with Iraq after it invaded Kuwait.

The foreign minister described the Persian Gulf situation as "absurd" and called for sending the blockade's funds—which he estimated to be $30 billion—to Africa's children.

Figueredo Planchart traveled to New York today to participate in the U.N. General Assembly.

Figueredo Planchart made statements to the press and announced that Venezuela will encourage a summit between Western powers and Third World countries to demand fair relations between countries. However, he did not specify a date.

"Our countries cannot continue lagging in underdevelopment; we will not allow that," he said.

"It is not acceptable that the industrialized countries have found resources where there were none before to solve a crisis such as the Gulf crisis, but when it comes to solving structural problems, these countries withdraw. We cannot accept that," said Figueredo Planchart. An Arab solution to the Gulf crisis must include Iraq's immediate withdrawal from Kuwaiti territory, he added.

The minister criticized industrialized countries for not lending a hand to poor countries. He also pointed out OPEC's efforts to avoid a drastic increase in crude oil's prices.

Figueredo Planchart said he hopes that, despite the urgency of the situation, the Gulf crisis will not be the only point on the U.N. General Assembly's agenda. He said he hopes that the assembly also analyzes the situation of the underdeveloped countries.

Countries Modify San Jose Oil Agreement

PA2209031590 Caracas Venezolana de Television Canal 8 in Spanish 0014 GMT 22 Sep 90

[Text] Venezuela and Mexico have ensured a steady supply of oil and oil by-products to the member countries of the San Jose Agreement. They have also decided to give special treatment to the recipient countries and to maintain the export volumes already agreed upon.

Concerning oil prices, each barrel of oil will temporarily sell for $21.

Well aware of the adverse effects of the sudden increase in the price of oil that has resulted from the Persian Gulf crisis, aside from the limitations imposed by economic restructuring programs, Mexico and Venezuela have instructed the bilateral committee following up on the San Jose Agreement to study alternatives designed to support the recipient countries. After the consultation process concluded, both governments decided the following:

Mexico will finance 30 percent of the oil bill—oil shipments that the recipient countries will receive until 31 December 1990—under commercial conditions and at market interest rates for six months.

[Begin recording of Celestino Armas, energy and mines minister] Venezuela and Mexico made the aforementioned offer—to finance 30 percent of the oil bill in commercial terms and.... [changes thought] But also [words indistinct], which is to deposit 50 percent of the oil bill in excess of $21 in the central bank of each country that wishes to do so. Again, this will apply to the oil shipments made until 31 December 1990.

Both the producing and recipient countries have also decided to establish a [words indistinct] of $18 per barrel. [end recording]

Should the crisis continue, Mexico and Venezuela have committed themselves to establishing permanent financing programs, as well as to studying the debts that recipient countries have with signatory countries.

One of the alternatives being discussed is the possibility of converting part of the debt into investment to obtain dividends for both debtor and creditor nations.

Congress Concludes Sessions; Approves Bill

PA2209030390 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 22 Sep 90

[Italicized passages are recorded]

[Text] An interesting week, during which a bill on refinancing the foreign debt was approved, has ended in Congress. During this session period, congressmen have shown what they can achieve when they want to, because they discussed, without any major problems, that important legislative instrument that was approved yesterday and forwarded today to the president, who will order that it be carried out.

David Morales Bello and Luis Enrique Oberto, president and vice president of Congress, respectively, have expressed satisfaction over the results of these sessions and for the spirit of seriousness and responsibility displayed by the parliamentarians:

[Morales] *As Congress president, I wish to recognize the work of the deputies and senators, especially the members of both finance commissions, for the high sense of responsibility they have displayed in their work during these special sessions.*

[Oberto] *We have forwarded to the chief executive a law that will allow him to finalize negotiations to refinance the debt that he had been working on. This authorization is not a blank check, but a very specific law that contains the main legislative aspects for safeguarding the country's interests.*

Meanwhile, the Senate approved the trip of President Carlos Andres Perez to New York from 27 September to 4 October.

After the special congressional sessions concluded, a special commission appointed by both chambers visited the Miraflores Palace to brief President Perez on their work. Juan Stredell, representing the Chamber of Senators, and (Nelson Chiquilaroche) of the Chamber of Deputies were designated the spokesmen:

[Stredell] *This law is very important for the country's economy, especially because it frees resources and allows us to channel them to social programs and programs that are a priority for Venezuela's development.*

[(Chiquilaroche)] *(?We are pleased) at having contributed toward furthering the national interests. This is so if we take into account that commercial banks—that is, our creditors—seem to be leaning toward [words indistinct].*

After these two speeches were delivered, President Perez closed the ceremony with a speech on the benefits to the Venezuelan people of the new refinancing. He said that debt servicing has dropped by more than 50 percent, creating a significant savings of $1.248 billion.

[Perez] *This is an extraordinary achievement for the country, because it allows us to keep resources that will serve to tackle enormous social problems that the representatives of the Congress have referred to, and will also give us more breathing room to implement development plans that allow us, amid this crisis, to overcome problems and correct so many mistakes and omissions that we have been making.*